



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

**Final Report
Volume 2a
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*The opinions expressed in this document represent the authors' points of view
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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 II a

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 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

1	EQ 1 on alignment and strengthening	1
1.1	JC 1.1: Extent to which priorities in relation to TRA reflect partners' development strategies	1
1.2	JC 1.2: Extent to which Commission's TRA support has maintained relevance over time	8
1.3	JC 1.3: Increased Commission TRA compliance with relevant Paris Declaration indicators on alignment, strengthening partners' systems and effectiveness	12
2	EQ 2 on aid modalities and channels	19
2.1	JC 2.1: Aid delivery modalities appropriate to national/regional context	19
2.2	JC 2.2: Use of Commission GBS and SBS has contributed to delivering on TRA objectives	28
2.3	JC 2.3: Use of project approaches and global channels has contributed to delivering on TRA objectives	40
3	EQ 3 on coordination, complementarity and coherence	49
3.1	JC 3.1: Mechanisms in place and effective in ensuring coherence of Commission TRA objectives with key development and trade-related policies	49
3.2	JC 3.2: Mechanisms in place and effective in ensuring coordination of Commission TRA with EU member states.....	54
3.3	JC 3.3: Mechanisms in place and effective in ensuring coordination of Commission TRA with other development partners.....	65
3.4	JC 3.4: Complementarity, coordination and coherence of Commission's TRA at global, regional and national level.....	72
4	EQ 4 on trade policy environment	79
4.1	JC 4.1: Trade policy formulation and mainstreaming has been strengthened.....	79
4.2	JC 4.2: Institutional capacities of public trade-related institutions to promote regional and global trade and investments have been enhanced.....	85
4.3	JC 4.3: Trade negotiation capacity has been enhanced.....	90
5	EQ 5 on trade facilitation	95
5.1	JC 5.1: Commission's interventions contributed to simplification, standardisation and harmonisation of trade procedures	95
5.2	JC 5.2: Operational environment for trade at national or regional level improved, including modernised customs systems	99
6	EQ 6 on compliance and standards	106
6.1	JC 6.1: Strengthened SPS / TBT policy, legislation and regulation.....	107
6.2	JC 6.2: Appropriate and sustainable quality infrastructure related to SPS and TBT developed.....	116
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.....	120
7	EQ 7 on regional integration	125
7.1	JC 7.1: Degree to which Commission TRA facilitated the development and conclusion of regional legal and institutional architecture, addressing key issues for economic integration.....	125

7.2	JC 7.2: Degree to which Commission TRA facilitated the implementation of regional economic commitments at national level	141
7.3	JC 7.3: Degree to which Commission TRA strengthened institutional capacities of regional secretariats to support regional integration processes	148
8	EQ 8 on trade development.....	156
8.1	JC 8.1: Enhanced availability and quality of trade promotion services	156
8.2	JC 8.2: Extent to which Commission's TRA has supported the development of FDI strategies and legal frameworks thus contributing to increases of FDI flows	164
8.3	JC 8.3: Improved access to trade finance	169
8.4	JC 8.4: Increased competitiveness of export-oriented / trade-oriented enterprises in sectors of Commission TRA support (incl. fisheries, agriculture and forestry)	172
9	EQ 9 on addressing poverty	187
9.1	JC 9.1: Commission TRA analysed and targeted key poverty issues (and the gender implications) during design.....	187
9.2	JC 9.2: Commission TRA monitored and documented poverty aspects of TRA during implementation and their gender implications	194
9.3	JC 9.3: TRA supported enforcement of ILO standards.....	198
10	List of analysed interventions.....	202
11	Overall assessment according to DAC criteria	209

1 EQ 1 on alignment and strengthening

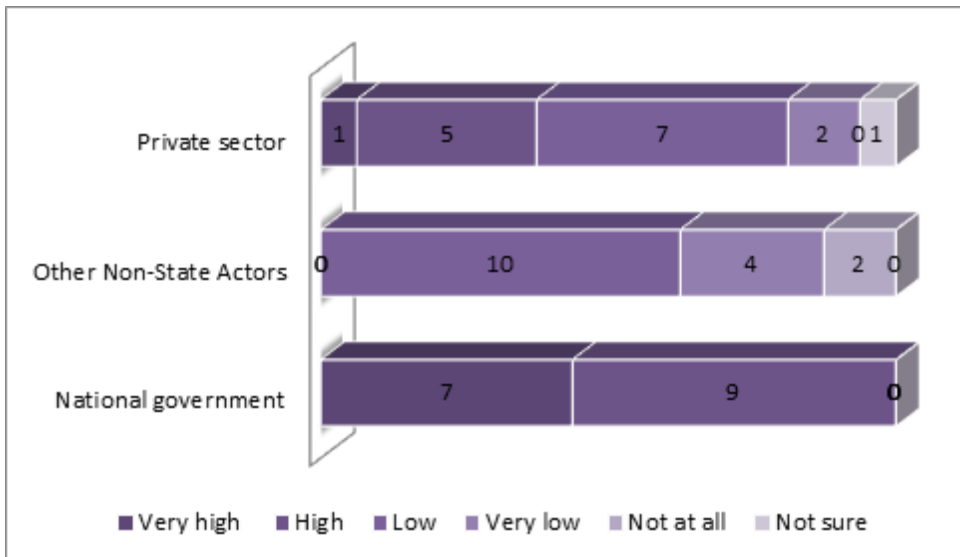
Evaluation Question 1: To what extent has the Commission's TRA been aligned to the partners' evolving priorities and strengthened their trade-related planning and implementation systems?

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

1.1.1 I 1.1.1 TRA priority setting is a joint process

The available evidence suggests a high degree of inclusiveness in determining TRA priorities. Moreover, the analytical basis upon which the EU is determining the priorities has also improved from with majority of countries in the CSP analysis having a detailed assessment of the trade-related challenges and opportunities.¹ Thus, the Commission closely involved its partners in the core processes leading to the actual determination of how TRA should be delivered and which areas it should target. This is clearly the case when TRA is delivered as part of a (sector) budget support operation, but also at project level. The most direct aggregated evidence of this relates to the survey where especially government are strongly involved in TRA design.

Figure 1 Extent of involvement in TRA design



In all cases the governments were either very highly or highly involved in TRA design demonstrating strong engagement with a core national partner which should, *ceteris paribus*, also allow for substantial alignment. This is generally also the case in regional organisation. However a majority of respondent stated that the private sector had low or very low involvement in TRA design with other non-state actors being virtually absent in this process. Thus there may still be an unfinished agenda of engagement more robustly with the private sector and other NSAs during TRA design. After all TRA is supposed to assist the private sector in increasing trade.

Source: EUD survey

This was also the case in **Ghana**, where the Commission and other external development had a strong joint partnership with the government on *inter alia* the private sector and trade enabling support (PSTEP) programme.

In this case, there was substantial consultation, deliberation and interaction between both the Commission and the other development partners, not only on the content but also on its monitoring, evaluation and performance measurement (see e.g. PSTEP Financing Agreement 2006).

¹ Further the CSP analysis also documented that in the second CSP period (2007-2012) the quality and breadth of the trade analysis improved with aspects such as -tariff barriers to trade, SPS, conformity with quality standards and intellectual property were dealt with more extensively. See CSP Analysis, P

The Cocoa Sector Support Programme was also based on the government priorities such as those formulated in the "Cocoa Sector Development Strategy" and the "Food and Agricultural Development Strategy (FASDER)". This has also been confirmed by the survey.

It is less clear to what extent the successor programme to the PSTEP, the TRAQUE project, was based on a joint process. Here EU seems to have been more pro-active in e.g. fielding a formulation mission that defined the priorities and use modalities not fully consistent with the GoG officially stated priorities. Here there seems to be some degree of backtracking and the project approach in this context does lend itself to be less aligned.

Source: country fiche, EUD survey, field mission

China: *While the project approach may be more susceptible to being supply driven, this is by no means inevitable, especially where the partner has a strong trade policy and vision.*

This is clearly the case in **China** where the project 'Support to China's Sustainable Trade and Investment System' clearly was designed in a highly collaborative fashion with Chinese institutions having been closely involved in the conception of each activity and most of the requests for activities originated on their side. The EU Technical Assistance Team then gathered relevant design input from the EU side (ROM report MR 143721.01; 2/12/2011).

Source: country fiche

In Egypt it would seem that TRA priority setting has been jointly made by the EU and GoE.

All the Trade Enhancement Programmes (TEP A, B & C) were initiated when EuropeAid undertook a review mission to Cairo (May 2001) and concluded after close consultation with the Egyptian authorities; that a Trade Enhancement initiative with Egypt would be best served by the preparation of two independent programme proposals built upon a common analysis: TEP A Technical Assistance (€20m) and TEP-B Budgetary support (€40m). Following a change of GoE policy, a request was made to the Commission (end of 2002) to start the identification of an additional programme in favour of Customs Reform (TEP C). Both GoE and EU participated in the subsequent analytical and diagnostic work. As for the Spinning and Weaving Sector Support, the Financing Agreement included that the Government of Egypt has officially adopted a specific strategy for the cotton sector, with the collaboration of GTZ, that covers the main areas of concern for the cotton sector, while linking directly with the needs of the downstream industry. It was noted in the EUD Survey and through interviews that the participation of the private sector and non-government sector was only partial at best. However, the evidence base is somewhat thin as the documentation on this aspect is not comprehensive and few have memories of the process.

Source: country fiche, EUD survey, field mission

In Bangladesh, while programming had been driven and initiated mainly by EU, it had been conducted jointly with GoB.

There has also been joint emphasizing/focusing on certain aspects regarding trade. Examples include Better Work and Standards Programme (BEST) and Trade Policy Support Programme (TPSP), which were both initiated by the EU, but the focus on specific issues (such as laboratories, frozen food sector) was led by GoB. However it would appear that GoB may not have fully internalised and owned the TRA as there was subsequently limited commitment to some of the interventions, partly related to complicated political economic challenges.

Source: field mission

Zambia: *EU TRA at strategy level has been based more on demands of the authorities than on a shared and systemic process of setting priorities based on a systematic diagnostic of trade and trade policy in the country.*

This is echoed to a degree at the programme level, but efforts in the Capacity Building for Private Sector Development (CBPSD) were made to work systematically with the already identified beneficiaries to prioritise areas of support.

Source: field mission

In Cameroon, the picture is quite complex.

Some sections of government argue that TRA support to banana sector is, in part at least, based on EU interests. Moreover the EPA negotiations have had ramifications on the working environment on wider TRA issues comprising the ‘jointness’ with EU insisting on progressing with EPA.

Source: field mission

In Côté d’Ivoire, the EPA negotiations seems to have catalysed a more positive response, providing focus and structure to the trade related dialogue, including on TRA.

However due to the fragility the government has not been pro-active in formulating new priorities and many of the has been targeted toward protecting already achieved gains.

Source: field mission

*The support to trade-related **regional organisation** has generally used an inclusive and partnering approach to identify TRA priorities, consulting with and adapting to partners’ priorities.*

In **COMESA** the contribution agreement has ensured high degree of partner driven priority process. Also, the **ASEAN** Statistical Capacity Building Programme was clearly based on the ASEAN policy priorities which in turn had informed the Commission’s Regional Strategy for South East Asia 2007-2013. However, priority setting has not been only partner driven but also reflects both ASEAN and EU interests. Similarly in **MERCOSUR**. However a key issue is whether the TRA priorities decided upon are also shared by member states to the degree that they can be implemented. Here there are serious doubts.

Sources: CSP/RSP analysis, field missions, regional fiches

1.1.2 I 1.1.2 TRA support aligned with partners corresponding policies and priorities and/or regional/ national trade strategies

The overall assessment is that at policy level there is generally strong alignment, insofar that trade policies are explicitly formulated. And the alignment efforts have gained some momentum between the first and second CSP phase.² In certain contexts this is not the case and here the EU has faced some challenges. But the EU has generally been able to focus more on productive sectors rather than trade policy. Moreover at lower organisational and sector level it has at times been a challenge to align as there is no or only very vaguely formulated sector/organisational strategy. Nevertheless the clear evidence suggest that there is robust alignment at policy level, especially in countries where trade is a high priority as it is in the majority of surveyed countries (see figure below).

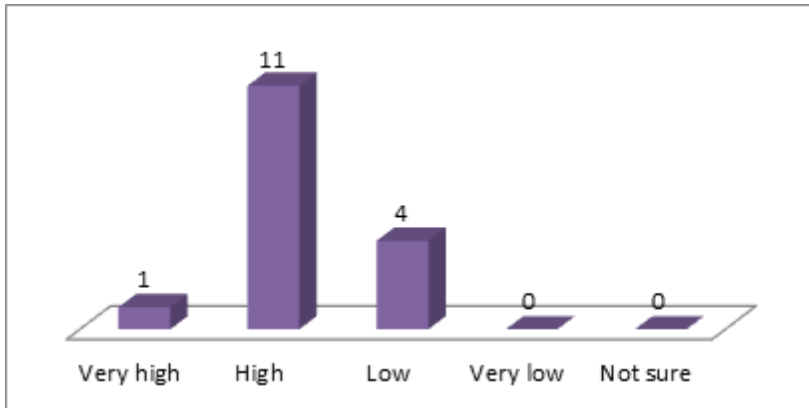
Almost all bilateral interventions contain references to national strategies, but not all of these strategies are trade focussed, with several being broader private sector development strategies, with trade only constituting one element. In the case of sector budget support (e.g. Ghana), it is clear that the design will have to be based more explicitly on the national strategy, but also in projectized interventions is the trend clear. This was also broadly confirmed by both national stakeholders and international development partners during the field phase.

In sum, it would seem as if there can be significant challenges identifying the appropriate policy to align around in countries with only nascent (and perhaps non-committal) trade policy development frameworks and in countries characterised by considerable fragility. Here the EU has often been both persistent, patient and pragmatic offering TRA to both formulating policies and to areas outside the trade policy areas e.g. productive sectors. Thus successful alignment seems conditional upon clear policies and commitment also at sectoral and institutional level that

² Thus in the first CPS phase (2002- 2007) 11 CSPs state that the EC response strategy is generally aligned to the partner’s policy objectives, while 5 explicitly state alignment of TRA activities with partner’s corresponding policies and priorities. In the second period, 12 CSPs state that the EU response strategy is generally aligned to the partner’s policy objectives, while 6 explicitly state alignment of TRA activities with partner’s corresponding policies and priorities. The country sample size was 23. All four regional strategies had alignment mentioned in both phases.

allow for driving through necessary reforms. In the absence of such conditions the EU's projects have been aligned to the broad policy to the extent feasible.

Figure 2 Priority of trade in the country's national policy



Source: EUD survey

Zambia offers an example where there were no clear trade policies to align around.

This obviously complicated the process, with the result that support, while still being termed as demand driven, was rather ad-hoc and responding to specific units' and organisations' needs rather than to the core systemic issues undermining trade (See Financing Agreement on Export Development Programme II).

This in turn appears to be related to the government having limited commitment to developing strong trade policies (ibid.).³ At lower levels, support was clearly given to institutions that had a role to play in achieving national strategies, ranging from standards development and implementation to the development of a competition authority to better dialogue with the private sector and non-states actors in trade policy. However, given the limited articulation of trade policies and the stalling of the DTIS, there was limited dialogue on priorities.

Sources: country fiche, field mission

Egypt offers a contrasting experience in which TRA has been robustly aligned to the Egyptian policies, priorities and strategies.

The trade reform focus came partly from the global demands and international agreements at that time that compelled upgrading of the trade sector, coupled with the reform program started by the GoE. The mid-term and final evaluations of TEP A (to MoF) confirmed the high relevance of the components to the needs of the partner. The ROM reports for Trade Enhancement Programme B (TEP B, budget support) states that the programme is aligned. Final Evaluation of Spinning and Weaving Sector Support Programme states that the programme "was in line with the Government's support programme for the Spinning and Weaving sector", and that "the sector budget support was relevant and adequate for helping the Government to achieve some objectives for the spinning and weaving sector". The Trade Enhancement Programme C (Customs) is based on a request by the Egyptian Government for implementing *its* programme. The final evaluation states, that TEP C is addressing actual needs of Egypt caused by the compliance requirements of international agreements, hence the reform of the trade sector. The ROM report MR-107262.02 on the R & D Component states that both objectives are in line with the objectives of the Egyptian Government and the EU. However at sector strategy level it was more difficult to align as some were left too broad to provide guidance on alignment, often related to the political economy of the reform process. Here EU TRA often had more limited impact as well.

Sources: country fiche, field mission

³ However trade became an integral part of the national development strategy under the Sixth National Development Plan – SNDP.

Similarly, in **Ghana**, where the actual support has generally also been aligned to national policies and trade strategies but these were, at macro-level at least, rather vague.

The trade strategy outlined desirable objectives such as better trade and business environment as well as some indicators to achieve e.g. the ‘Doing Business’ indicators. However there was limited information on how to achieve these objectives and indicators which also proved challenging subsequently.

Sources: field mission

In **Bangladesh**, trade policy has historically been fragmented into export, import and investment policies which are not mutually supportive.

However trade became a more integral part of Bangladesh’s development strategy when it was mentioned in the 2005 Bangladesh Poverty Reduction Strategy Paper (PRSP) and later also included in the Six Five-Year Plan, but fragmentation remain a challenge also for EU TRA. BQSP and BEST are very much in line with GoB’s needs and priorities as they have addressed key trade issues, including the strengthening of the international competitiveness of Bangladesh’s two main export sectors, fisheries (shrimps) and garments. At the same time, the Bangladesh Foreign Trade Institute (BFTI) (<http://www.bfti.org.bd/>) which has been built up since 2003 with the support of both BTSP and TPSP as a PPP (since 2006) seems not to be fully in line with GoB’s strategy since there is a substantial lack of ownership and commitment. Stakeholder interviews demonstrated that GoB “buy in” is missing. Again political economy consideration has prevent a less fragmented policy environment from emerging which in turn has, at times, undermined consistent and effective alignment effort.

Source: country fiche, field mission

Cote d’Ivoire: during the political turmoil and security crisis, TRA has often just been aligned to the objective of economic stabilisation in an unstable environment. A national trade strategy was still not existent and TRA formulation and implementation in the area of trade policy and regulation has been informed by the requirements from EPA agreement signature and the subsequent implementation of agreed measures in the various areas covered by the agreement

Source: field mission

In **Uruguay**, TRA is highly aligned to the policies of Office of Planning and Budgeting at the Office of the Presidency (and the recently created International Cooperation Agency for Uruguay AUCI).

Source: field mission

A similar degree of alignment can be found in **Paraguay** where the Fortalecimiento de la Competitividad del Sector Exportador Paraguayo programme was highly aligned to national objectives, in particular the National Export Plan from 2004 (see mid-term evaluation 2008). In addition, it would appear that the Commission through this highly relevant work also became a trusted partner on many trade related issues (e.g. SPS and TBT).

Source: country fiche

There is generally limited evidence that partners and the Commission have different views on alignment, one exemption being in **Ukraine** where the Country Strategy Evaluation of 2010 concluded that there could be trade and TRA tensions between the Government and with CSOs, which considered that, in some instances, EU interests tend to prevail. However, this should be seen in a context of generally a high degree of alignment.

Source: country fiche

For trade-related regional organisations the situation is different. These organisations are often mandated to articulated trade policies and priorities, which should, ceteris paribus, make alignment less of a challenge (but challenges may be more substantial at implementation level).

Thus, it is not surprising that the Commission's support to *ASEAN* is rated as strongly aligned to the organisations policies and priorities (see e.g. ROM report on the Statistical Capacity Building Programme no. MR-127000.01; the 2008 mid-term review for ASEAN Programme for Regional Integration and, perhaps most comprehensively, the evaluation of the Commission's cooperation with ASEAN (from 2009). This has been confirmed through interviews and is valid also for *MERCOSUR* and *COMESA*. In the case of the latter, the signing of a Contribution Agreement has strengthened alignment efforts, but raised the challenge of ensure proper M&E.

Source: field missions, regional organisation fiches

Finally, **global initiatives** such as the *TradeCom* facility also have been broadly well-aligned to both regional and national policy objectives, and where policies were lacking or not sufficiently detailed, the facility assisted in formulating these while respecting country ownership of the process. As noted by the Final Evaluation of the facility 'The objectives of the programme were and continue to be consistent with beneficiaries' requirements, country needs, global priorities and partners' and Commission's policies.' (2010). However it is of course difficult to tailor make all support to national policies and there are some indications (e.g. Ghana) that part of the support to trade policy has been too generic.

Source: country fiche Ghana, final evaluation of TradeCom

1.1.3 I 1.1.3 Existence of joint analytical / diagnostic work between beneficiaries, Commission and other development partners

The EU has also been engaged in various analytical work on trade and TRA issues, including diagnostic trade integration studies (DTIS) under the EIF initiative. When such joint work is undertaken there is a higher degree of probably that a common framework will be developed and that development partners engage more substantially in harmonisation and alignment.

The CSP analysis revealed that the use of joint analytical work had tripled between the two CSP cycles covered (2002-2007 and 2007-2013), but from a low starting base with the majority of CSPs in both faces not mentioning such exercises.⁴

The survey of EU Delegations demonstrate that when such analytical / diagnostic efforts are undertaken, these are mostly joint, with a broad participation of both other international development partners and domestic stakeholders.

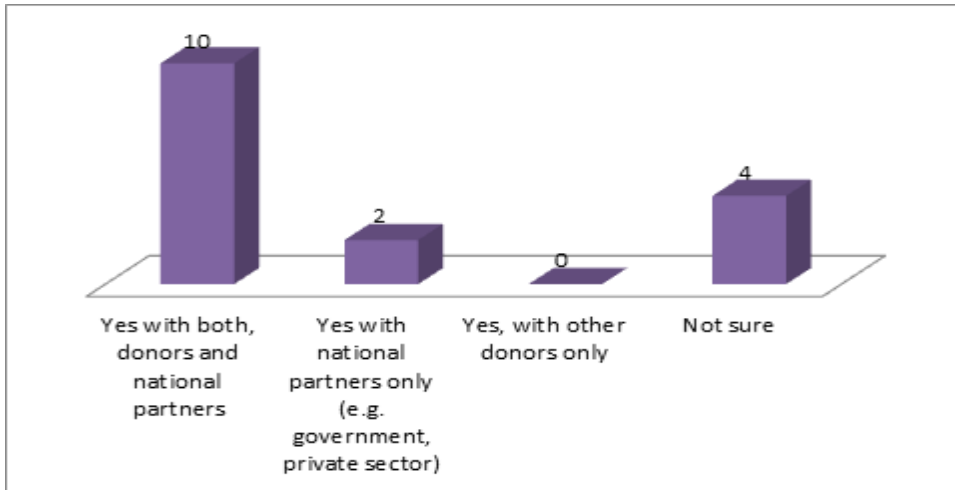
Joint work is strongest in joint programmes (including budget support operations) which is not surprising given that these programmes often focus on improving harmonisation and alignment among partners. In addition, the Commission is working with diverse partners such as national governments, UN bodies, WTO and private sector. While we at inception phase had expected the DTIS to dominate in LDC, there is much other joint analytical work that has taken place.

However there is only limited involvement of the private sector in such joint analysis, with government being the default partner, at times a reflection of the limited capacity and representativeness of the private sector organisations.

In sum there is strong evidence of EU sizing opportunities for engaging in joint analytical work wherever these materialise. However whether such opportunities arise and if the lead to improved alignment, critically depends on the commitment of the domestic partners (most notably the government) to take to the process forward. Moreover they role of donors in being mutually accountable to promote alignment also seems to require increased attention as there is evidence of increased fragmentation and 'bilateralisation' of TRA and wider private sector development support.

⁴ In first CSP cycle, 2 countries mentioned joint analytical work whereas in the second cycle this had increased to 6. No RSPs mentioned joint analytical work.

Figure 3: Participation of the Commission in joint analytical work with partners



Source: EUD survey

Thus, there appear to have been strong and, over the evaluation period, increasing joint analytical and diagnostic work between the Commission and its main development partners. In the first generation of CSPs (2002-2006) only 2 of our desk country study CSPs reported having such, which increased to 6 in the second generation CSPs (2007-2012).⁵

Source: CSP/RSP analysis

In **Cote d'Ivoire**, the Commission based its analytical work for the *Programme d'Appui au Commerce et à l'Intégration Régionale* on findings produced by UNIDO, UNCTAD, World Custom Organisation and various business representatives, but other than the EU had few other development partner to work with in the area of TRA and the government and private sector was for a long period fragile and with very limited capacity.

Source: field mission

Similarly in **Uruguay** where the EU was the only many TRA donor, but managed to do joint work with the government to good effect (e.g. the *Programa de apoyo a la competitividad y promoción de exportaciones de la pequeña y mediana empresa, PACPYMES*, project).

Source: field mission

In **Zambia**, by contrast, had a joint process involved the both government and donors, but this process subsequently stall and failed to catalyse a more commonly agreed framework which could have established a platform for strong alignment.

Source: field mission

In **Ghana** DG Trade fielded a *Trade Related Needs Assessment Mission to Ghana in 2005* (as part of a worldwide exercise) to define common needs assessment tools for the Commission's intervention in TRA. The mission concluded that the process carried out by the Ministry of Trade and Industry to formulate the Trade Policy (upon which the Trade Sector Support Programme, TSSP, built) had gathered a great wealth of information and there was no need to carry out additional studies to inform future TR interventions. The TSSP identified seven broad policy areas and 98 policy prescriptions of the National Trade Policy, part of the first output of the Private Sector Development Strategy (PSDS) 2005-2009 and this formed the basis for the PSTEP. Other donors also joined the broader PSDS.

⁵ See separate report on CSP analysis. Please note that more countries have made joint analytical efforts than these numbers suggest as not all have reported this in the CSPs.

Source: country fiche, field mission

In **Bangladesh**, there is also evidence of inclusive joint analytical work taking place in the context of wider private sector which happened in the 2009 donor mapping of the private sector development to map different donors/development partners' activities in the field, including interventions in the trade sector.⁶ However there has been no specific joint *trade* needs assessment involving the whole range of relevant stakeholders, e.g. beneficiaries, EU and other development partners.

Source: country fiche, field mission

In **Cameroon**, the Group Economy and Commerce is responsible for coordination, which works reasonably well, but there is no evidence of actual joint analytical work.

Source: field mission

Similarly in **Egypt** where there is no evidence of joint analytical / diagnostic work at the general level, but in the TEPs much joint EU – Egypt work was carried out on various trade related aspects. Nor has the EU conducted joint analytical work with USAID, the only other main donor in TRA, but they have coordinated informally. This reflects the preference of USAID to work directly with its partners in a bilateral relationship.

Source: country fiche, field mission

As for the **regional organisations** it would seem that the EU is engaging substantially with the regional secretariats to define and agree on joint analysis and frameworks, whereas there is no evidence of this being done with other development partners, probably reflecting that EU is often the main donor to these organisations.

Source: field missions, regional organisation fiches

Finally, **global initiatives** such as the TradeCom facility had as an explicit goal to enhance partner's trade diagnostic capacity to e.g. do joint assessments, and the available evidence from the Final Evaluation (2010) of the facility suggests that it was in some places effective in doing so.

Source: final evaluation of TradeCom

1.2 JC 1.2: Extent to which Commission's TRA support has maintained relevance over time

1.2.1 I 1.2.1 Evidence of TRA support strategies reflecting upon, and demonstrating responsive-ness to, changing circumstances

In sum there has been more analytical resources invested in designing TRA strategies and reasonable responsiveness to changing circumstances, with the EU clearly reflecting on lessons learnt in e.g. CPSs. But it is not always evident that this necessarily leads to better alignment. Thus there seems to be an increased reluctance to utilise budget support instruments (e.g. use has decreased in both Ghana and Egypt) which tend to present new challenges for alignment which the evidence so far indicate has not been overcome.

18 of 23 analysed CPSs reflect on previous experiences based primarily on reviews and evaluations. This is a drastic increase compared to the 'first generation' of CSP in the evaluation period where only 9 out of 23 had similar reflection (see separate report on CSP analysis). In the country strategy papers evaluated, there is often a reflection of the current status of trade related contextual factors and the subsequent TRA strategies do generally reflect such analysis. Perhaps more importantly, the level and depth of reflection

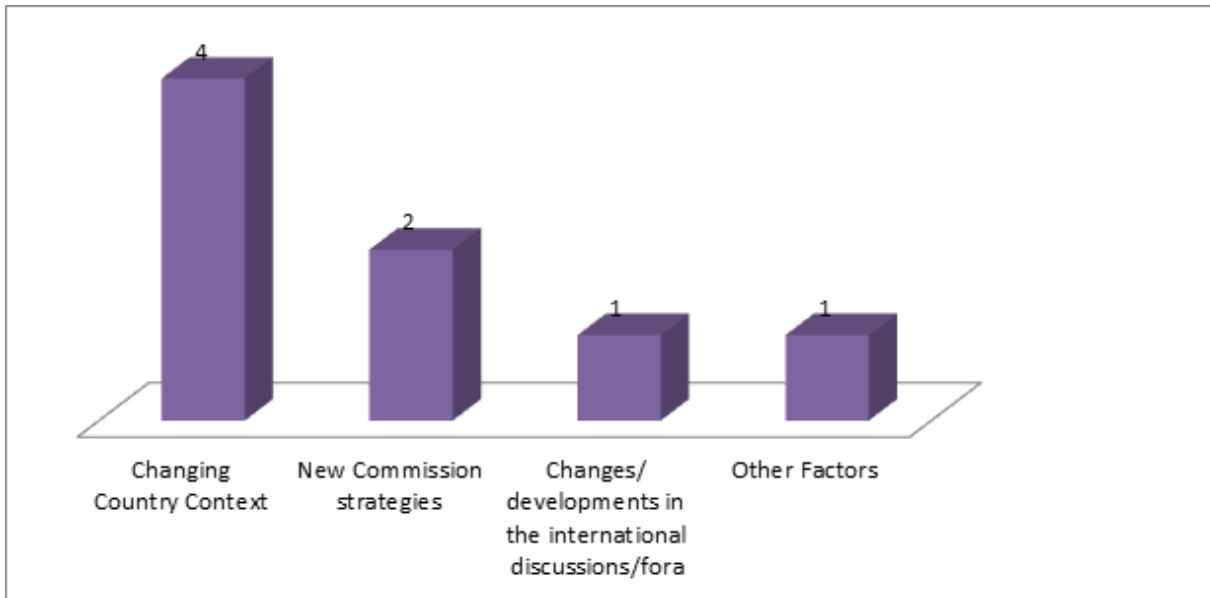
⁶[http://www.lcgbangladesh.org/PSD/Donor%20Mapping%20Document/Donor%20Mapping%20Report%20\(11%2004%202010\).pdf](http://www.lcgbangladesh.org/PSD/Donor%20Mapping%20Document/Donor%20Mapping%20Report%20(11%2004%202010).pdf)

and analysis has clearly increased over the evaluation period. Moreover, the level of detail within the analysis has also increased considerably, again pointing to the fact that the Commission has been investing more analytical efforts into TRA support strategies (ibid.).

Source: CSP/RSP analysis

Our survey revealed that 7 EUD had changed focus during the evaluation period whereas 6 stated that there was no need to do so. Of those adjusting focus, their motivation varied as can be seen in the table below:

Figure 4: *Reasons for adjusting TRA strategies:*



Source: EUD survey

Clearly the local context has been the main driver for changing TRA strategic focus with more global factors (e.g. EU policies) playing a less important role. EPA was mentioned in some African countries as a motivation for changing focus (e.g. Mozambique and Tanzania). It would seem reasonable that around half of the countries covered by the survey changed strategic focus.

Source: EUD survey

In Ghana, the government appeared to have limited capacity to react on emerging findings and recommendations for the private sector and trade enabling programme which, in turn, may have undermined the Commission's ability to effectively adapt its TRA strategy, as TRA was provided as budget support. EU reacted by abandoning the budget support approach.

This was also partly due to the fact that the process of formulating a PSDS successor programme, upon which EU could provide TRA as budget support, was delayed and at the same time it had committed funds under the EDF cycle.⁷ In the design of cocoa programme (CCSP) there was clearly a reflection upon the past experiences and the changing circumstances, in particular the increased competition and the ageing of tree stock, which combined called for more research into higher yielding crops and better extension which could increase overall yields (See CSSP FA).

Sources: country fiche, field mission

Neighbouring Cote d'Ivoire represents a different context where flexibly and responsive has been at a premium given the volatile and fragile environment. Generally the EU TRA strategies here have responded well to an at times

⁷ However even the delay was also perceived as a indication of GoG lacklustre commitment, as evidence in the ROM report on PSTEP: 'GoG -does not seem to show a real interest in discussing the transition of PSDS1 to PSDS2, and how to improve a dialogue that in the past was more about how to improve the pooled fund mechanism rather than on substantial issues facing private sector development.'

extremely fluid situation and made judicious analyses of how TRA could assist in stabilising economic and, by implication wider society.

Sources: field mission

Where the partner is more committed, the EU has adjusted TRA strategies to reflect responsiveness to the partners' changing needs.

For example, in **Vietnam**, the Commission was able to respond to the increasingly ambitious globalisation agenda of the government, which entailed deeper integration into the multilateral trading system (Final Evaluation of the Multilateral Trade Assistance Project Vietnam II, 2008). Similarly, in **Ukraine** where, according to the Country Level Evaluation of 2010, TRA support strategies had demonstrated responsiveness to changing circumstances over time, not least to the impact of the financial crises and the geo-political changes that allowed new trading opportunities to emerge. **Bangladesh** has also witnessed many changes to which the EU has responded, not least the end of the multifibre-agreement that had important ramifications for the garment industry which were attempted addressed in e.g. the Promotion of Social & Environmental Standards in the Industry” (PSES, see e.g. the FA). Also in **Egypt** did EU demonstrate reasonable level of responsiveness to changing requirements and needs, and the decision to use radically more aligned approaches than had previously been the case is perhaps the most obvious testament to this. In general, most requests for changes were demand driven and responded to by EU TRA. In **Russia** the WTO accession impacted in EU TRA strategies as did the negotiation of a new Partnership and Cooperation Agreement.

Source: country fiche and field mission Bangladesh, country fiche and field mission Egypt, country fiche Russia, country fiche Ukraine, country fiche Vietnam

At regional level, ASEAN has arguably progressed the most towards deepening economic integration among member states and the EU has generally responded and reacted to the changing needs arising therefrom.

Source: regional organisation fiche, field mission

The support to *COMESA* has become mostly in the form of a Contribution Agreement, which allows for substantially more flexibility and hence also ability to adapt to changing circumstances.

Source: regional level evaluation

1.2.2 I 1.2.2 Evidence of programmes and projects being adjusted to reflect contextual changes

Concerning the specific TRA programmes and projects, flexibility is obviously also important in view of changing contexts both at macro level (e.g. changing policies, terms of trade, economic or natural shocks etc.) and at micro level (e.g. product specific changes, need to adjust TA or procurement). Furthermore, in some cases, the flexibility needs to be there where the time gap from programme design to implementation is significant.

The available evidence is mixed, but generally positive, with Commission project procedures and administrative practices being singled out by most partners as challenging, but partly compensated by diligent interventions by Delegations and TA teams. Evidence also suggests an improvement over time in procedural constraints. In budget support programmes, the onus is obviously even more on the partner to undertake necessary adjustments, possibly with the assistance of the Commission, and here the picture is mixed, with those governments with clear and strongly backed TRA strategies, displaying greater willingness to adjust and adapt.

In sum, there are still procedural challenges in managing the interventions under the project modality that can undermine the EU's ability to adjust TRA support during implementation. Moreover many of EU's partners and beneficiaries also have challenges in complying with EU procedures inducing delays and higher than needed transaction costs. In this context there have been substantial follow-up EUDs in providing assistance in overcoming these challenges, and also willingness to let experiences feed into the design of subsequent TRA interventions. The degree of flexibility in budget support seems conditional upon the realism and specificity of

agreed indicators and triggers, as well as the willingness of both partners to engage in dialogue, which allowed for flexibility in Egypt but not in Ghana.

Egypt: *is a good case with both projects and budget support operations.* The TEP A project implemented several adjustments: introduction of private sector representatives to the executive committee, cancellation of two labs for GOEIC, funds allocated to market studies in the Food Sector (see e.g. Final Evaluation of TEP A). Egypt also offer an example where the sector budget support modality was deemed suitable to allow for flexibility in programmes implemented hereunder, including changes in market prices and government trade policies (see e.g. Final Evaluation of the Spinning and Weaving Programme as well as the related monitoring report no. MR-010460.01 of 2008, where it is stated that the programme ‘is constantly adapting to external conditions, in particular the price of cotton and the competition on cotton, threads and fabrics from abroad’). The strong government commitment to and explicit trade policies for the sector is a key explanatory factor for the ability to adjust to changing context, which the SBS modality allowed for. However the TEP C (Customs) project was criticised from being bound by the contractual constraints imposed by framework contract and FAs that limited TA to a specific consultancy company with minimal flexibility (see TEP C Final Evaluation, GoE, 2012).

Sources: country fiche, field mission

This is also evident in desk-reviewed projects, e.g. *the support to **China's** Sustainable Trade and Investment System was explicitly designed to ‘react rapidly to match a fast evolving environment’* (Financing Agreement, 2009) and according to monitoring reports, that is a key ingredient in explaining hitherto strong performance (see e.g. ROM report MR 143721.01, 2011).

Source: country fiche

A similar pattern can be detected in another strong trading nation, neighbouring **Vietnam**, where the Multilateral Trade Assistance project is lauded for successively increasing *“the flexibility and rapidity of response, which has been reflected in greater stakeholder satisfaction and increased impact”* (see Country Level Evaluation).

Source: country fiche

*In contrast, the **Ghanaian** experience suggests that sector budget support may not be as flexible as needed in the face of overestimated government capacity, and general reluctance on both sides to engage on needed adjustment.* Thus, it would appear that there was limited appetite from both EU and GoG for dialoguing on adjusting the Private Sector and Trade Enabling Programme (see Background Conclusion Sheet, ROM 2010). In this context, both the EU and the partner should demonstrate willing to re-asses previous assumptions (and the indicators derived from these). However this did not materialise.

Sources: country fiche, field mission

Zambia: *Another thematic challenge that can undermine level of flexibility is the lack of appropriate monitoring tools, and of capacity to respond and adjust to findings.*

Thus, the monitoring of the **Zambian** Export Development Programme was not sufficiently robust to inform stakeholders about serious shortcomings that needed to be adjusted to improve effectiveness (Final Evaluation, p. 3), which in turn is also related to inadequate partner's strategic planning, inadequate articulation of the partner's needs (see field report). Also in Zambia the Capacity Building Private Sector Development programme (CBPSD) identified and proactively worked to assist one of the key beneficiaries, the ZDA, in identifying institutional capacity challenges. However, an unwillingness to consider change and poor dialogue of both beneficiary and programme meant that no progress was achieved. This was compounded by procedural challenges, relating to delayed implementation and early closure, which impaired the impact of the CBPSD.

Sources: country fiche, field mission

In **Cameroon**, the introduction of EPA in PASAPE project which initially had the main intention of focusing on EPA negotiations, but had to be oriented more towards the development of studies and background analysis, as there was limited demand for such EPA focus (in turn indicating limited initial

alignment). However the EUD manage to refocus to programme to avoid the EPA issues, which had become increasingly contentious.

Sources: country fiche, field mission

Adjustments have also been made in TRA projects aimed at **regional organisations**. In **MERCOSUR** the SPS project had its the logical framework adapted to the needs and reality of the region, which improved its relevance (see field report) whereas **ASEAN** had challenges in the adjustment of interventions during a given project phase due to the relative inflexibility of logframes and financing agreements / TAPs (based on interviews with stakeholders). However, interventions were adjusted from one project phase to the next. In Africa, the Contribution Agreement to **COMESA** is praised by the regional secretariat as greatly facilitating adjustments as opposed to EU project procedures (based on field interviews). However the issues of getting feedback from M&E systems posed a challenge in monitoring and learning from the contribution agreement (also based on field interviews).

Source: regional organisation fiches, field mission

Similarly, the **TradeCom** facility has also faced issues of inadequate monitoring resulting in inability to adjust, as the capacity for learning was compromised. The Final Evaluation of the facility thus states that: *'The lack of integration of an internal M&E mechanism, especially for the demanded components was a design deficiency that compromised the Facility's capacity to use lessons learned from close monitoring of the effects and follow-on steps taken by recipients of demand-led technical assistance to improve the overall demand-led model.'* (p. 9). This is also echoed in the EU Aid for Trade Monitoring Report where most respondents to the (Commission implemented) questionnaire in 2011 indicated that there were no or only weak to moderately effective feedback loops from monitoring systems.

Source: final evaluation of TradeCom

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

1.3.1 **I 1.3.1 Increase of Commission's TRA that use public financial management systems in partner countries, strengthening these and being reported in partner's budgets**

It has not been possible to quantify the flows of TRA reported on the partners' own budgets, as these are not reported consistently and specifically for TRA. However, the trend seems unambiguous over the evaluation period: The Commission has increasingly used partners' systems, including budgets, for delivering assistance, including TRA. All this is part of the wider aid and development effectiveness agenda that started with the Rome Declaration on aid harmonisation (2002) and accelerated with the Paris Declaration on aid effectiveness (2005), later followed by the Accra Agenda for Action (2008).⁸ In this context, the Commission has invested significant resources in improving its aid effectiveness for TRA, but again it is not quantifiable. Budget support operations clearly use public financial systems of the partner countries. A key concern here seems to be the fiduciary risks (including corruption) that are being taken by not having direct control over aid resources.

The limited evidence suggests that donor perceived risks are probably a key constraint from using national financial systems, combined with a tradition for using TA projects, which do not easily lend themselves to using such systems. However, it may be that the risks are overstated: In Ghana, the main challenges were not related to corruption, but rather centred on lower than expected implementation progress and inadequate dialogue (source: field mission). In addition the failure to produce the, arguably overambitious, outcomes agreed using domestic systems have often let to a partial return to traditional ways of providing TRA, often by bypassing partner

⁸ The Busan Forum on Aid Effectiveness took place in 2011 and is hence outside the scope of this evaluation.

systems, with the long-term risk of actually undermining these. This may be related to the continued limited ownership of trade policies and AfT initiations which can make it difficult to find appropriate entry points for alignment and undermine confidence in partners' systems and procedures. Only six out of 31 partner countries questioned stated that they had considerable ownership of the trade policies.⁹

Ghana: *There has been more use of budget support instruments in Ghana where PSTEP was consistent with GoG preferred aid modality.*

While the ambition clearly was that using government structures was an appropriate way of identifying and fixing bottlenecks, this did not materialise to the extent foreseen in the overambitious conditions for tranche release. The EU subsequently decided to use project structures in the successor programme largely outside the GoG PFM systems, as did the other TRA project on cocoa sector support. Corruption was a key concern in the design of the PSTEP where it was stated that: "Though widespread in public life, the corruption is said to be decreasing (Ghana moved up from 70th to 64th from 2003 to 2004 in the Transparency International corruption perceptions index) and appears as relatively low compared to the average for sub-Saharan Africa. Furthermore, the co-existence of a pool funding and aligned projects as well as the regular assessments of country systems limit this risk". (PSTEP, Financing Agreement, 2006). However, as it turned out corruption was not to have been the main concern during implementation, as PEFA assessments rated fiduciary risk as falling (ROM monitoring report, 2010).¹⁰ The key bone of contention was rather lack of implementation capacity and pace, which failed to meet EU (high) expectations. This also resulted corresponding lower disbursements against the targets.

Source: country fiche, field mission

Egypt's had two projects that primarily relied on national PFM systems through budget support; the spinning and weaving programme and the Trade Enhancement Programme B. Here their indicators were achievable, indeed perhaps not sufficiently tied to programme outcomes, but most of the tranches were released and the government appreciated the use of its systems and procedures (interviews with GoE). However the budget approach has subsequently been abandoned for new projects in the pipeline that rely on EU procedures. Concerning increased predictability of disbursements the Commission used tranche disbursement in both the Trade Enhancement Programme and the Spinning and Weaving programme. Here, almost all tranches were disbursed as most of the conditions were fulfilled. Most of these were also disbursed on time and in accordance with agreed schedules, with delays being of relatively minor importance. Clearly here the commission has increased the predictability of its TRA.

Source: country fiche, field mission

*Other than in budget support operations, there is little evidence on using national financial management systems, with the exception of **Bangladesh** where the Commission used both a domestic audit institution as well as an external, Commission appointed auditor, probably due to the perceived level of fiduciary risks.*

Source: country fiche

At **regional level**, only in the case of **COMESA** did the EU TRA use its partner's PFM system as it has a contribution agreement in which funding is provided in advance and uses its procedures to implement agreed programmes as well as for accountability purpose. COMESA is the only regional organization with such arrangements with the EU. The programmes that the contribution agreement is funding are all derived from the workplan of COMESA and hence there is high alignment. While this being a procedural improvement, challenges remain in M&E (interviews with EUD and stakeholders). Clearly the support to COMESA was among the most aligned TRA, partly resembling a budget support intervention.

Source: field mission, regional organisation fiche

⁹ It is not possible to track this tendency over time (e.g. over the evaluation period). See EU: EU Accountability Report 2011 on Financing for Development, Aid for Trade Monitoring Report.

¹⁰ This is corroborated by international research which suggests that reliance on national financial systems is not inherently more risky than using donors' own projectized systems. EC/DAC: *Evaluation of General Budget Support*, 2006

1.3.2 I 1.3.2 Increase of Commission TRA capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies and reduction of number of parallel Commission TRA project implementation units (PIUs)

It was challenging to quantify the share of coordinated TRA for capacity development being based on national strategies. Similarly, it can be difficult to establish when a concrete PIU is parallel to another PIU and could be abolished. Probably for these reasons it is not widely nor consistently reported in available documentation.

What is clear is that the awareness of the necessity to coordinate better has increased (see e.g. CSP analysis), which is also the case of TRA for capacity development support. In some instances there is mentioning of the capacity development TRA being coordinated and pooled with other donors which ensured some degree of harmonisation. However, the limited quantities evidence available suggests that there were no coordinated TRA programmes in two-third of partner countries. Hence the share where there is coordinated capacity development support is lower.¹¹

The degree to which the TRA PIUs/PMUs were parallel varies, but early TRA has a legacy of providing capacity development using PIU/PMU and TA as preferred implementation management modalities, which only gradually began to change in the initial part of the period. In the latter part of the evaluation period there are indications of a return to the PIU modality and less coordinated approaches, contrary to the alignment ambitions.

On the other hand it should be noted that some PIUs/PMUs have delivered impressive results in other areas, most notably in terms of both management and outcomes, (e.g. China and Vietnam), without evidence of the negative effects otherwise associated with this delivery modality. However, in these cases it is noteworthy that there was a strong government commitment to the TRA, ownership of the projects and close involvement of government in project management. This points to the supreme importance of commitment, capacity and ownership as compared to modality and delivery method.

In **Egypt**, programmes make various references to the TA being 'in line with perceived government needs' (Egypt, Mid-Term Evaluation of the Trade Enhancement Programme, 2006), and delivering 'tailored capacity-building for the development of counterpart institutions' (Ibid.), which is not necessarily based on national strategies, nor coordinated with other donors, but as there were few other donors in the TRA sector any potential negative impact was limited. In some cases, unsuccessful choices of modules/trainers caused ineffectiveness (TEP A and TEP C). These were not co-ordinate as such with USAID's capacity programme but did mostly complement them. The number of TRA related PIUs increased initially with the establishment of PIU under TEP A, C, and, the development research and innovation programme. However, it should be noted that all but one of these were initiated prior to the Paris declaration and that the number of PIU compared to the funding level was low, indicating that most funding streams used government channels. The only reduction came with the closure of the programmes. Even the planned Trade and Domestic Market Enhancement Programme plans to establish a PIU, although it is couched in the slightly less Paris-offending term 'Project Support Office'. At MoTI level there still seems to be preference for having projects.

Source: country fiche, field mission

In **Ghana**, the TA component of the Private Sector and Trade Enabling Programme aimed at improving the institutional capacity was deemed 'not based on any real capacity needs assessment or analysis and soon became a demand driven process. It seems to have mainly funded donor-driven initiatives, such as a technical assistance package to support negotiations of EPA.' (Background Conclusion Sheet, ROM 2010), was clearly not consistent with the ambition of the Paris Declaration. However, this was actually also contrary to the design intentions which envisaged PSTEP as a deliberate attempt to improve coordination in the wider private sector development sector and provide e.g. capacity development in a coordinated fashion (though by other DPs through pooled funding). Moreover in response to delayed formulation of PSDS II and as a consequence of disappointing outcomes of PSTEP, the EU decided to move ahead with a TRA project (TRAQUE) which

¹¹ See EU: EU Accountability Report 2011 on Financing for Development, Aid for Trade Monitoring Report.

entailed the establishment of project unit in the MOTI, thus not consistent with the ambition to reduce the number of PIUs. The number of TRA related PIUs decreased initially with the establishment of PSTEP. Thus the outcomes have varied with initial a reduction in PIUs with later a reversal to the project approach and associated PIUs.

Source: country fiche, field mission

In **Cote d'Ivoire**, there was a strategy to embed the PIU in an existing institution and/or seconded to a coordination structure at inter-ministerial level. In the case of EPA assistance, such structure was successfully embedded in the NAO structure and one line ministry.

Source: field mission

In **Bangladesh** the significant fragmentation of trade policy making in Bangladesh stands in the way of effective coordination and coherence and, combined with lack of qualification for budget support undermined attempts aimed coordination and reduction of PIUs.

Source: country fiche, field mission

Thus, the Commission has significantly raised its ambitions concerning the reduction of PIUs, but it still seems challenging to devise more effective modalities of delivering, especially capacity development using other approaches. While not exactly quantifiable, we have in our sample a number of PIU, PMU, TA-units or similar units being relied upon in **Cameroon, China, Paraguay, Uruguay, Vietnam, and Zambia**.

Source: country fiche Cameroon, country fiche China, country fiche Paraguay, country fiche Vietnam, country fiche and field mission Zambia

At regional level The evaluation of the **regional MEDA programme** (2009) also points out the substantial use of TA-heavy PIUs and notes that there were many '*weaknesses in design, difficulty in setting up the PIUs/PMUs and in identification and recruitment of the appropriate technical experts, frequent changes of experts, divergence of views between the PIU/PMU and Delegation, and others. These delays in the starting phase reduce the effective implementation period and have a demotivating effect on the beneficiary, which hampers the success of the programmes.*' Again, this stems from a regional evaluation and country experience vary significantly.

Source: summary of evaluations report

As for the **regional organisations** TRA support, including capacity development was fully coordinated and embedded in the **COMESA** due to the contributions agreement. This also implied that no PIUs were established. In **ASAEN** there were PIU type of projects (as it did not have a contribution agreement) but capacity development was clearly coordinated with ASEAN secretariat and the Member states. In **MERCOSUR** PIUs were also maintained but coordination was generally effective.

1.3.3 I 1.3.3 Use of effective TRA monitoring systems contributing to “Managing for Results”

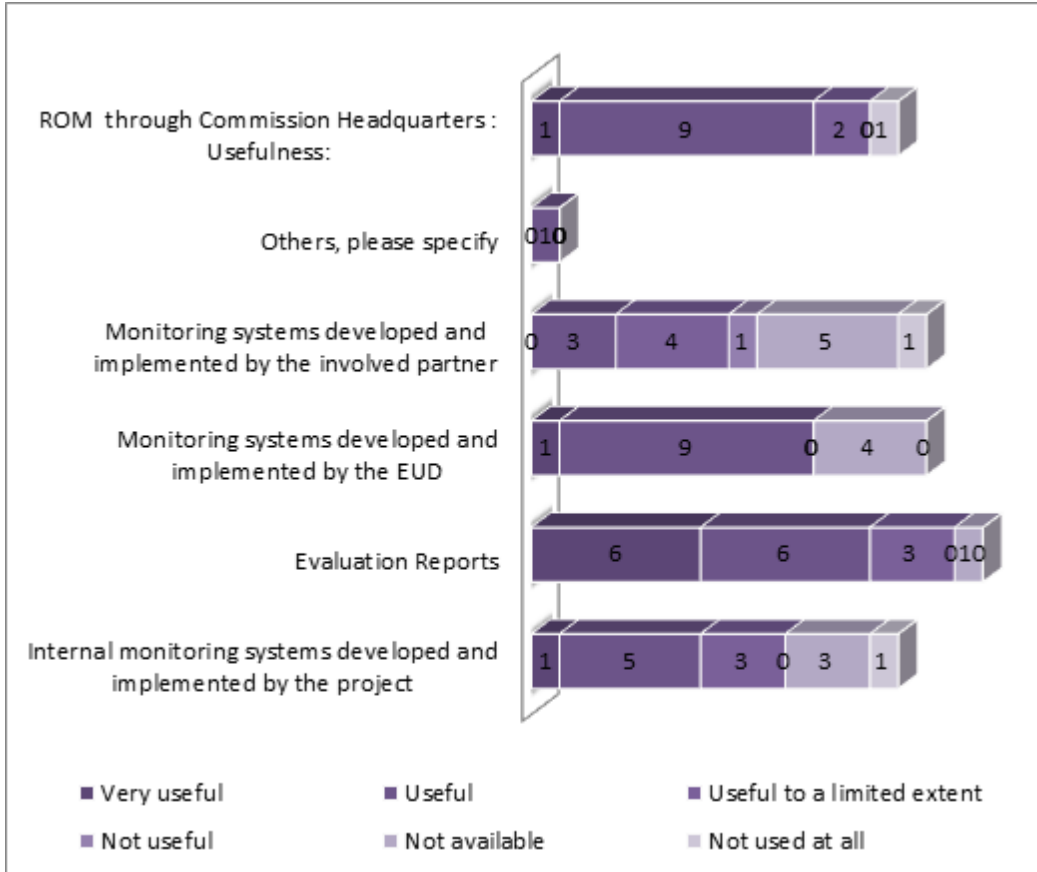
The establishment, implementation and effective reporting by monitoring systems is a significant challenge, whether in countries, for regional organisations or for global initiatives. This despite attempts by the Commission to accelerate efforts to strengthen such monitoring. Over time, more attention has been paid to design of monitoring frameworks that allow for both improve accountability for inputs and outcomes, as well as being use as a management tool, allowing managers to take corrective actions if needed. Unfortunately, this has still not translated into evidently better feedback and accountability mechanism, suggesting that there are still substantial challenges.

In sum, there are very few examples of well-functioning M&E systems that can contribute to better management for development results. This has been rather persistent throughout the evaluation period and the EU has been aware of the challenges. However while improvements have been made, more effort, not only in terms of funding, will be needed to identify and stimulate the demand (and identify exactly what is demanded) for M&E and identify proper

indicators that the programmes can realistically influence but are non-trivial. In this context it will be especially important to work with domestic partners' M&E systems to ensure better sustainability and impact. This is obviously also related to the need to strengthen ownership of the TRA and trade policies in general; with limited ownership to trade and TRA in many partner countries there is obviously also limited

The EUDs indicate that the most useful sources for monitoring are evaluation reports, ROM reports, and EUDs own monitoring systems as can be seen from the figure below.

Figure 5 Usefulness of information/ tools to monitor TRA projects



Source: EUD survey

However, there are clear indications that while some of these sources are useful, there is still a key challenge of utilising the information to feedback and influence partners' trade programmes and strategies. This has also consistently been pointed out in the EU's annual Aid for Trade Monitoring reports, with the 2012 report stating that only 6% of respondents stated such feedback and influence from monitoring was significant.

Source: Aid for Trade Monitoring reports

In general, there are several challenges in the monitoring systems used that undermine their ability to support managing for results.

In some instances there are simply no, or only extremely rudimentary monitoring systems, which have detrimental effects on the usefulness as management tools (and their accountability value for that matter). This is the case in Paraguay where the Fortalecimiento de la Competitividad del Sector Exportador made several abortive attempts at establishing an M&E system and then abandoned further attempts with the result that the project did not have any system that would 'allow for effective monitoring' (Evaluación de Medio Término del Proyecto de Fortalecimiento de la Competitividad del Sector Exportador Paraguayo; Abril 2008).

Source: country fiche

In **Uruguay** indicators set in the logical frameworks were mostly unrealistic and too general.

Source: country fiche, field mission

Similarly, in **Zambia**, the Monitoring Report (ROM, 2007) for the Capacity Building for Private Sector Development programme, speculated that there could be significant impacts of the programme but the absence of a monitoring systems made it extremely difficult to establish evidence to corroborate this. This was further confirmed in the field phase where a main weakness identified was that the monitoring systems have not been appropriate to deliver on the 'Managing for Results Agenda' with the absence in some cases of SMART indicators for institutional support.

Source: country fiche, field mission

In **Bangladesh**, the Trade Support Programme had indicators that were 'too general and specify few milestones to mark progress. Sources of verification are all-purpose, and sometimes irrelevant.' (ROM Monitoring Report, 2005). In the Commission-ASEAN Statistical Capacity Building Programme, it was further argued that 'project result areas are connected to indicators that are generally not measurable or SMART' (ROM report MR-127000.01). The field phase further corroborated and complemented with the findings that the M&E in the development project cycle is typified by focus on financial resource use alongside physical progress reporting or output and activity monitoring. Insufficient attention and resources are allocated to baseline surveys, follow-up studies and impact evaluations. However even where important findings were emerging from the M&E system (as was the case in BSTP) there was no follow-up or implementation of the recommendations produced. This points to weak demand for M&E.

Source: country fiche, field mission

Similar findings come from Egypt where indicators such as GDP growth and world market share were impossible to correlate to specific project outputs (See e.g. ROM report MR-107262.02 for Research, Development and Innovation Programme). Here the monitoring systems that have generally not been appropriate to deliver on the 'Managing for Results Agenda' with indicators being too macro level and divorced from programme sphere of influence. Only the customs programme had indicators at outcome level that could be attributed to the programme, but still reveal information on outcomes. However no numerical values were attached nor any time frame for the achievement. Moreover even in TEP A most indicators were either input related (e.g. number of trainings) or too far removed from the programme (increased exports, employment generation etc.). In summing up, there is clearly a need to improve the M&E system not only to improve Paris compliance but also to enable better estimation of impact.

Source: country fiche, field mission

Ghana: *the two TRA programmes offer two different lessons.* At the macro level the indicators used for the PSTEP were again often divorced from the programme with one indicator being the share of non-traditional exports in the export portfolio, whereas others were outside the mandate of partner ministry, MoTI. In the cocoa sector programme, where monitoring was much more at micro-level, the information provided by monitoring system was not used to facilitate decision-making with farmers and local staff. While they mainly were involved in data collection, their opinion was not sufficiently examined to propose adaptations to approach and tools used. The monitoring system was thus not a tool to support the accountability of all stakeholders, particularly those who are directly involved in production issues (See CSSP; Final Evaluation).

Source: country fiche, field mission

In **regional programmes**, such as **ASEAN** there was also a lack of an internal monitoring system as there was limited systematic data collection. While the activity monitoring and reporting was done well, it failed to go beyond a level where it could estimate outputs, outcomes and impacts. However, clear progress was made in the latter part of the period. ASEANStats and the ASEAN Integration Monitoring Office (AIMO) are now principally in a good position to provide the data for effective TRA monitoring. However, since the use of the generated data is currently still restricted to a large extent (due to a lack of agreement among the AMS on the publication of data) it can so far only partly feed into internal monitoring. In **COMESA** there has also been a main challenge of monitoring the implementation of the

contribution agreement and the organisation also suffers from multiple donor-imposed and non-harmonised reporting requirements.

Source: field mission, regional organisation fiche

Finally, **global initiatives** such as the TradeCom facility have also suffered from ‘the failure to establish a Monitoring and Evaluation (M&E) system’ which meant that the facility was ‘operating in an environment in which it could not refine the model (from lessons learned) to improve effectiveness and sustainability’ (Final Evaluation, 2010). This evaluation also found that ‘the indicators (e.g. increase in exports) were ‘too broadly defined and not specific, quantified, time bounded, nor evolving during the course of the programme. This would have made it difficult to utilise the indicators as a management tool’. It was further argued that such high level indicators were too weakly associated with TradeCom’s support to constitute robust evidence based for outcomes.

Source: summary of evaluations report

1.3.4 I 1.3.4 Increase of Commission TRA disbursements released according to agreed schedules in annual or multi-year frameworks

There is fragmented and inconclusive evidence on this indicator. Disbursement challenges in projects seems often to be related to procedural complexities whereas such issues in budget support interventions are more related to failures in reaching indicators.

In **Egypt** the Commission used tranche disbursement in the both the Trade Enhancement Programme and the Spinning and Weaving programme. Here almost all tranches were disbursed as most of the conditions were fulfilled. Most of these were also disbursed on time and in accordance with agreed schedules, with delays being of relatively minor importance. Clearly here the commission has increase the predictability of its TRA.

Source: country fiche

Ghana has a contrasting story with limited fulfilment of conditions and corresponding lower disbursements against the targets in the PSTEP. This caused lower disbursement (1.5 out of 2.5 million). CSSP had some issues relating to COCOBOD’s inability to manage EU procurement.

Source: country fiche

At **regional level, COMESA** has seen improved disbursements, under the contribution agreement is over 90%, it had never before exceeded 70%. In **MERCOSUR** projects have tended to over run in time consistently, but disbursement levels have generally been high, thanks to the extension of execution periods.

Source: field missions, regional organisation fiche

2 EQ 2 on aid modalities and channels

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

2.1 JC 2.1: Aid delivery modalities appropriate to national/regional context

2.1.1 I 2.1.1 Selection of aid modalities explicitly analysed during design of TRA support

The selection of aid modalities is analysed during the design phase of TRA interventions. This is clearly evident for fundamental considerations regarding the different modalities, like the questions whether budget support is an option at all or not (e.g. in Bangladesh and Cameroon). Most supporting evidence was found during interviews in the course of the field missions, as in the cases of Bangladesh, Egypt, Ghana, Cameroon and ASEAN. Most of the analysed CSPs include a brief discussion of aid modalities: 18 out of 23 had it discussed for at least one programming cycle, and 10 discussed aid modalities for both programming cycles. The project design documentations provide less information regarding analysis of different alternatives of aid modalities.

In some cases, no evidence was found for a thorough analysis of different modalities, but it could still not be excluded whether such an analysis happened such as in the case of Zambia or the MEDA-region.

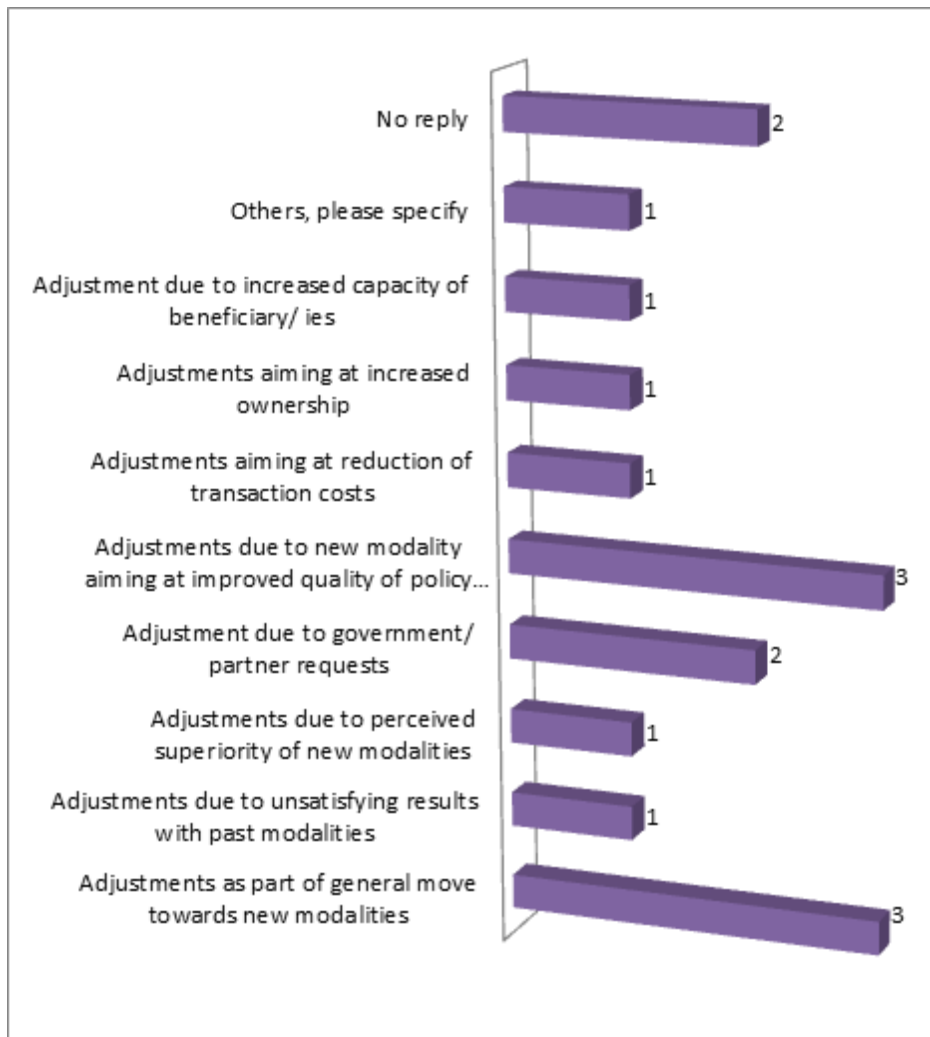
According to the EUD survey, only 38% of the Delegations state that there was a change regarding the aid modalities within the evaluation period. This change was caused by a number of different reasons.

Analyses of CSPs and RSPs show, that out of 23 countries/regions, 18 had the selection of TRA aid modalities discussed at least once and 10 discussed twice (for both programming cycles) – however this discussion does in most cases not go into detail.

Source: CSP/RSP analysis

In the EUD survey, 10 Delegations stated that there was a change of TRA aid modalities from 2004 to 2010 in the country, while 6 Delegations stated there was no change. The following figure depicts the answers of the 10 EUDs who replied that there was a change. The answers give an insight on the reasons for the adjusting the TRA aid delivery modalities during 2004-2010.

Figure 6: Reasons for change of TRA modality (multiple answers possible)



ASEAN: During the course of the evaluated period, efforts to analyse aid modalities during the programming of TRA interventions have been increased.

Programming documents are providing evidence on the fact that the selection of aid modalities was explicitly analysed at all stages: programming, identification, and even afterwards in order to draw lessons learnt and incorporate them into the programming of new interventions and follow-up activities.

Source: regional organisation fiche, field mission

Bangladesh: Different aid modalities were discussed, but SSP and project approaches were identified as the only adequate choices.

The EUD in Bangladesh elaborated in its 2008 EAMR on the possibility of providing assistance through budget support. It seems that the EUD and the EU Member States were at that point in time hesitant to switch to the budget support modality due to lack of transparency with regards to the PFM system in Bangladesh.

Interviews during the field visit confirmed the reluctance of the Commission to switch to budget support as Bangladesh is still considered as not being eligible due to the above mentioned risks (incl. corruption).

Source: country fiche, field mission

Cameroon: *There was and still is discussion about the different choices regarding aid modalities. Currently, the government of Cameroon does not want budget support, and the Commission considers Cameroon as not being eligible to receive budget support.*

Project documents show that the PASAPE's overall design including the implementation modality was discussed during the identification phase. A number of different actors and potential stakeholders participated in this discussion.

The field visit showed that the Government of Cameroon (GoC) has reservations against budget support as aid delivery modality. The GoC sees the need to implement vigorous reforms of the PFM system in order to achieve eligibility for budget support. However, as Cameroon only receives a limited amount of external aid as a proportion of its GDP, those reforms are not perceived as being worthwhile.

Both, the EUD and the GoC repeatedly confirmed that SBS is currently not an option.

Source: country fiche, field mission

COMESA: *Selection of aid modality was based on analytical efforts.*

The project documents show, that at the regional level, the RISM modality was selected on the basis of an institutional diagnosis of COMESA carried out in 2004, and the selected Contribution Agreement Mechanism has ever since greatly improved efficiency, while the independent organisational & system audit conducted on COMESA's rules and procedures, including in the award of contracts, led to recommendations that were fully integrated in the RISP CA and gradually implemented since March 2005. The Contribution Agreement does resemble some aspects of budget support.

Source: regional organisation fiche,

Côte d'Ivoire: *The different aid modalities have not been analysed thoroughly but were chosen on a rather pragmatic basis.*

The field visit to Côte d'Ivoire brought limited evidence for systematic analyses of the advantages and disadvantages of the different modalities and channels for delivering TRA. Furthermore, little evidence was found for thorough consultations with partners at national level and/or the target group.

In broader terms, while checklists for TRA identification and formulation for GBS, SBS and the project approach exist, a comparative checklist to support the choice between these modalities would help to further substantiate the choice of modalities.

The choice on delivery channels was rather based on a "pragmatic" selection approach based on the perceived limited availability of alternative options with the ambition to avoid lengthy (tender?) procedures.

The choice of modalities and channels was apparently not based on a systematic assessment but rather on ad-hoc decisions which can be mainly attributed to the fragile situation in which TRA has operated in Cote d'Ivoire.

Source: field mission

Ghana: *Different aid modalities have been discussed, but only to a certain extent: when it came to problems regarding SBS, the change back to the project approach was done rather quickly. This happened partly due to procedural pressures.*

Project documentation shows that the PSTEP-SBS started in 2007 with the aim of developing the private sector and trade. As a result of the Government of Ghana's (GoG) request to use its systems on a fully integrated manner within the GoG's budget, as well as from the Commission's decision to move out of project support by taking into account the outcomes of the CSP evaluation report, it was concluded that budget support was the most effective instrument to support the GoG's PSD strategy, especially with regard to the strong macroeconomic framework, the improved PFM accountability, and the remarkably harmonised and coordinated approach among donors in PSD and trade, with a well-developed supporting M & E system.

Interviews during the field visit showed that the use of budget support for TRA in Ghana was analysed and based on mixed experiences with the project approach.

As for the shift away from budget support it was argued, that in the formulation report of PSTEP successor programme ‘the balance between the "budget support component" and the "complementary support component" of the programme should be adjusted further towards the latter, to allow more activities in the field of institutional capacity building, and communication and sensitization around the interim EPA and “firm level support” among others’ (PSTEP II – Programme Identification and Formulation, 2010). In the end no budget support was provided and only the project approach was used. The cocoa sector support project (CSSP) was less explicit in the analysis of its aid modalities but stipulated that no new PIUs would be created and that IITA was needed due to its special competencies. The field visit furthermore revealed that Commission’s TRA project support under CSSP has delivered on the objectives and this is a significant achievement. However there could arguably have been more serious analytical efforts invested in examining if a sector budget support approach could have been used, which may have increased sustainability and ownership. On the other hand it is not evident that GoG / Cocobod would have been able/willing to easily recruit IAT in which case the quality of the outcomes would have been compromised.

Source: country fiche, field mission

Egypt: *There was discussion about which aid modality would deliver the best outcomes, and how the combination of different aid modalities could complement each other. But analysing the implications of choosing a certain aid modality have been limited.*

Project documents show that Trade Enhancement Programme A (TEP A) and Trade Enhancement Programme C (TEP C) were designed as complementary projects, while Trade Enhancement Programme B (TEP B) was chosen to be the first Commission budget support intervention in Egypt because of its broader purpose of supporting the liberalisation of the economy in the perspective of the Association Agreement with the EU. These discussions on the appropriate selection of an aid modality are actually not limited to the design phase of the TRA support: they continue to be debated during monitoring and evaluation, with sometimes quite useful insights on the best ways to make such selections in the future. The final evaluation of TEP-C commented on the fact that some components of TEP-C would have been more efficiently handled through a GBS or SBS aid modality.

However, a ROM report for TEP-B states, that another weakness was the fact, that under a budget support operation, a cost-benefit analysis should have been conducted prior to implementation of the program and this did not happen.

Evidence through interviews during the field visit made clear that discussion and analysis had taken place before deciding on piloting budget support as a TRA modality.

Source: country fiche, field mission

MEDA-region: *The rationale for using a particular modality is not always explicit and clearly spelled out. It is not explained why some interventions were conducted as budget support operations rather than using the project approach or vice versa. There is no demonstration that the chosen modality was the most suitable for the objective pursued. (as stated in the Regional Level Evaluation)*

Source: summary of evaluations report

Paraguay: *Different aid modalities were discussed prior to the implementation of TRA. A study was conducted to arrive at recommendations regarding the right modality.*

Project documents show that the FOCOSEP’s (Project to improve the competitiveness of the export sectors in Paraguay) implementation modality was discussed during the identification phase with a variety

of involved actors: a study commissioned by the Commission recommended the GBS modality, but this was deemed to require reforming institutions to increase their capabilities and even creating new institutions, while, at the same time, pointing to an identified need for strengthening inter-institutional coordination, which eventually led to rather selecting the project modality.

Source: country fiche

Zambia: *There was no evidence found for systematic analyses of different aid modalities.*

Source: field mission

2.1.2 I 2.1.2 Disbursement rate by aid modality

The different aid modalities (Project, Sector Budget Support (SBS) and Support to Sector Programmes (SSP)) and the different channels used for delivering support to TRA do not show clearly differentiated patterns with regards to their disbursement rate.

The inventory shows that 73% of total TRA volume was delivered via projects, 17% was delivered as SBS and 10% as SSP. No clear patterns could be identified, regarding disbursement rates of the different modalities. When comparing total volumes, SBS had the highest rate, closely followed by SSP and project approach. But if the modalities are compared across each region, the ranking differs from region to region.

Source: inventory

Figure 7 Disbursement rates for the years Years 2004 – 2007

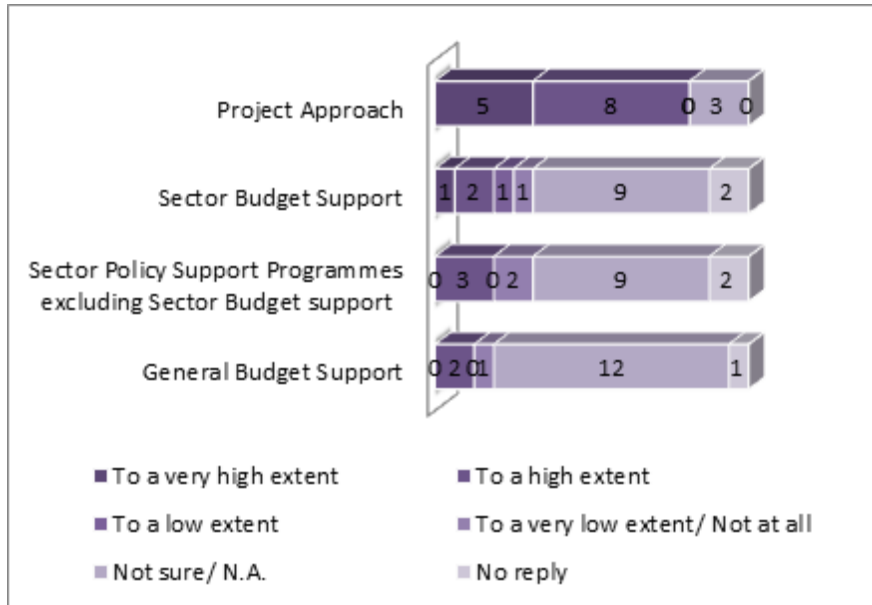
Region/Modality	Disbursement Rate
ACP	
Project	51%
SBS	66%
Support to Sector Programmes	63%
ASIA	
Project	56%
Support to Sector Programmes	58%
LATIN AMERICA	
Project	61%
SBS	31%
Support to Sector Programmes	44%
ENPI	
Project	81%
SBS	77%
Support to Sector Programmes	71%

Source: inventory

2.1.3 I 2.1.3 Choice of aid delivery modalities commensurate with the capacities of implementing partners

EUD survey: *The answers to the survey show, that the EUDs assessed the project approach as fitting best to the absorption capacities of the respective beneficiaries. But a comparison of the different modalities is difficult, since only three Delegations gave a qualifying answer for the modality GBS.*

Figure 8: To what extent was each modality commensurate to partner capacity



Source: EUD survey

Effectiveness of Technical Assistance in the context of capacity development: Project choice was mostly relevant but design often inadequate due to over-ambitious objectives, tight timeframes and insufficient assessment of the existing weak institutional environment and level of local ownership. Overall, the project approach tended to suffer from delays, and long preparation often led to outdated project design, delays in procurement and instability of expertise provided.

Source: Court of Auditors Special Report No. 6/2007

Economic cooperation with Asia: Bilateral projects have faced long delays between the identification stage and the starting of the projects and during their implementation eventually leading to reduced outputs and impact. Notably, the Asia-wide projects were subject to heavy and complex application procedures and potentially valuable help from EUDs in assisting applicants was not given.

Source: Court of Auditors Special Report No.4/2005

Effectiveness of EDF Support for Regional Economic Integration in East Africa and West Africa: Effectiveness of Regional Economic Integration has suffered, among others, from weaknesses in the EU's approach and management. In particular, guidance and capacities were available for the preparation, implementation and reporting of regional activities. Projects suffered from poorly defined objectives.

Source: Court of Auditors Report No.18/2009

ASEAN: Some absorption capacity constraints were encountered in one of the large TRA support projects. They were addressed by narrowing down of the project scope and focusing on core issues.

The ASEAN Statistical Capacity-Building Programme (SCBP), a project providing long-term technical assistance (€ 6 million, 4,200 man-days over three years) faced absorption capacity constraints, pointing to unrealistic scope and scale, too cumbersome design, and difficulties to communicate about its purpose to identified stakeholders, which all undermined aid effectiveness (ROM Report MR-127000.01 & 02). However, a narrowing down of the programme and a clearer focus on key issues helped to address this problem.

The findings for the other large TRA programmes are more positive:

- Project documentation of the ASEAN Programme for Regional Integration Support I show that the chosen aid delivery modality was appropriate address the beneficiaries' needs.
- The mid-term evaluation of ASEAN Programme for Regional Integration Support II states that the mode of delivery was mostly appropriate to the stakeholders needs.

Insights from the field visit support the findings of the desk phase: Overall, modalities and channels have been appropriate to delivering TRA.

Source: regional organisation fiche, field mission

Bangladesh: *Project approach and SSP were assessed as being highly appropriate despite missing commitment from partner at times. This is in line with the notion that budget support was (and still is) not considered a viable option in Bangladesh.*

The field visit showed that while M&E reports often elaborate on a lack of absorption capacities among the Commission's local partners (mainly GoB), the main issues are rather missing commitment, ownership and vision for sustainability on the partners' part. According to the EUD survey, the Delegation considered the choice of aid delivery modalities as being commensurate to a very high extent.

Source: country fiche, EUD survey, field mission

Cameroon: *For one of the large TRA programmes (Support programme for the organisation of coffee and cocoa producers) the chosen aid modality (project approach) was found to be highly appropriate (source: ROM reports).*

For another TRA programme (Support for the Economic Partnership Agreement), the chosen modality (project approach) was found to be appropriate only to a limited extent. For this programme, it seems that the modality SBS would have been the better option, due to the increased need for flexibility stemming from changes in the trade sector. SBS would have furthermore reduced the burden on the management unit.

Source: country fiche

China: *The Delegation stated that the project approach was commensurate to a high extent to the partner's absorption capacity.*

According to the EUD survey, the Delegation considered the choice of project approach as aid delivery modalities as being commensurate to a high extent. This finding was confirmed by ROM reports and project evaluations.

Source: country fiche, EUD survey

COMESA: *The chosen SSP modality proved to be a very effective aid delivery method and hence was highly commensurate with the partner's capacities. But this modality also entailed a certain loss of focus compared to a project approach.*

The Regional level evaluation states, that the Contribution Agreement (for the Regional Integration Support Programme) was a very effective aid delivery tool which promoted high ownership and alignment to the organizations' policies, procedures and strategic plans.

However, a COMESA official pointed out that the contribution agreement came along with a certain loss of focus compared to the project approach.

Source: regional organisation fiche

Côte d'Ivoire: *The field visit to Côte d'Ivoire found that aid delivery modalities were commensurate with the capacities of implementing partners.*

The field visit found, that in general, Commission's TRA modalities and channels have been appropriate to delivering TRA to Côte d'Ivoire. The use of thematic budget lines and the related focus on traditional agricultural export cash crops has proven to be an appropriate response to the country's specific development challenges in periods of political and economic crisis. The modality choices have to a large extent contributed to maintain a high flexibility in responding to specific circumstances although the sector focus related to the use of thematic budget lines overly limited TRA choices at times. The reliance on private-sector driven TRA largely contributed to its success in times of political instability.

Under the PACIR programme which was programmed and launched towards the end of the evaluation period, the approach is to draw on the support of the International Trade Centre (ITC) for the provision of trade promotion services, building trade intelligence and export capacities of the private sector. Although being at an early stage of implementation, evidence suggests that such TRA approach might not be favoured by the chosen channel for a number of reasons, namely:

- Procedures are too cumbersome and head-quarter driven
- Local knowledge seems to be limited and, if available, not truly embedded in decision making

- Existing private sector intermediary bodies do not seem to be properly taken into consideration
- Limited ability for advocacy at national policy level (even physically, the ITC office is located rather far away from the national administration and integrated in the UN family office compound)

TRA supporting such structure perpetuates such situation which seems to be in contradiction to the principles of the Paris Declaration.

Source: field mission

Egypt: *The chosen aid modalities were generally appropriate to the absorption capacities. Furthermore sector budget as modality of the Spinning and Weaving Sector Support Programme was relevant and adequate although it seems that the beneficiary institutions did not fully understand the new concept of budget support. And it seems that the combination of SBS with a TA-project component supporting it was conducive for the success of the SWSSP.*

Furthermore, it seems that for some parts, using budget support could have delivered better results.

The Country Strategy Evaluation states that "... the financing modalities and implementation mechanisms were generally found appropriate to the objectives pursued"

Only the National Customs Training Institute (NCTI) in Egypt had not had enough absorption capacity to benefit fully from the activities provided during the implementation period of the TEP C project (see Final Evaluation), but this was partly related to delays in getting the organisation fully operational as a result of restructuring.

The final evaluation of the Spinning and Weaving Sector Support (SBS with an accompanying € 2million TA component) states that "... the sector budget support was relevant and adequate for helping the Government to achieve some objectives for the spinning and weaving sector. Specifically, remarkable results were achieved under Component C. However, it seems that beneficiary institutions did not fully understand the concept of budget support programmes."

Also in Egypt, the Spinning and Weaving Sector Support (SSWSSP) achieved a social and employment aspect of the industry's restructuring that is rated "*very good*" in efficiency, "*excellent*" in effectiveness, and "*remarkable*" in its impact (see ROM reports and final evaluation). These outcomes seem to be the direct result of SWSSP meeting the targets set by its indicators in terms of rates of privatisation of public assets and of success in downsizing workforces both to make enterprises "privatisable" and profitable, and to retrain workers in the labour pools. Furthermore it seems to have been the combination of SBS with a TA-project component supporting it.

The field visit brought the following insights:

Clearly the projects also provided valuable support that would have been difficult (but not impossible) to mobilise using a budget support approach. However a more consistent budget support approach, coupled with stronger and deeper policy dialogue engagement would probably have been more cost-effective, demand-driven and owned by the government. Using the project approach as a vehicle has had mixed outcomes, with some of the well-known challenges also materialising in Egypt of limited ownership, varying quality of TA and training, as well as some inputs being supply driven.

Feedback showed that the partner entities believe the budget support modality was practical as it avoided the cumbersome procedure of the EU. This was the case of e.g. GOEIC. TEP-C Customs HR and Capacity Building Head, also the initial counterpart in the TEP-C up to 2007, found the EU procedures very cumbersome, and stated that intervention at a senior level in the Government was needed to adapt local regulations to the EU procedures.

The EUD survey in Egypt revealed that both the project and SBS modality were, according to the EUD, highly commensurate with the recipients' capacities.

Source: country fiche, EUD survey, field mission

Ghana: *Monitoring of the Private Sector and Trade Enabling Programme (implemented via SBS) reveals that there were severe capacity constraints on partner side, thwarting a successful implementation of the intervention. However, this problem was addressed by an accompanying capacity building programme, implemented via a project approach. Nonetheless, questions regarding the capacity and commitment of the partner to implement another SBS remained, leading to the selection of the project approach for the follow-up.*

The project documentation shows that the partner was lacking the adequate capacities to successfully manage the Private Sector and Trade Enabling (PSTEP) Programme, which was delivered via SBS.

On the one hand, the PSTEP played an important role as a pool-funding mechanism in solving the institutional capacity problems through sector dialogue and decentralisation of financial resources to MDAs. But on the other hand, the PSTEP suffered from poor management, a lack of coordination, insufficient financial management capacity and limited influence on other trade-related programmes.

An obvious conclusion from the field visit is that the PSTEP targets were too ambitious due to capacity and (partly) commitment constraints on partner side (Ministry of Technology and Industry, Ghana), which is indeed also the main thrust in the documentation. However it is not evident that the project approach is more capable of addressing these constraints. On the contrary, the experience of COCOBOD (Organisation of Cocoa producers of Ghana) with managing part of the Cocoa Sector Support Project (CSSP) suggests that there were substantial transaction costs (both direct and indirect) that inhibit aid effectiveness of the project approach.

With its robust fiduciary standards, high integrity in budget process, low levels of corruption and sound macro-economic policies (all by African standards) Ghana should be well placed to receive TRA as budget support, not least because that is also the expressed wish of GoG.

It is not evident that the decision to revert to project support for the Ministry of Technology and Industry of Ghana (MoTI) is appropriate to the context. The macroeconomic and PFM standards have not deteriorated although there are reasonable questions about the capacity of MoTI and its commitment.

The EUD survey shows that the Delegation deemed both chosen aid modalities (project approach and SBS) as being commensurate to a very high extent.

Source: country fiche, EUD survey, field mission

Paraguay: *Although the final evaluation of FOCOSEP (Support to the export sectors in Paraguay, implemented via the project approach) stated that the intervention struggled with a limited absorption capacity of the partner, the EU Delegation assessed the chosen project approach as being commensurate to a high extent.*

The Final evaluation of FOCOSEP stated that the design was perhaps too ambitious, given the limited initial capabilities of the beneficiary and because some objectives and activities were out of its remit.

According to the EUD survey, the Delegation deemed the chosen aid modalities (project approach) as being commensurate to a high extent.

Source: country fiche, EUD survey

Tunisia: *The budget support operations in Tunisia were commensurate with the partner's absorption capacities, as shown by the project documentation and the EUD survey.*

In the budget support Evaluation Report for **Tunisia**, the commensurate capacity is illustrated by the disbursement of € 425,403,733 under seven successive budget support interventions, "96% of the total" (page 22, Budget Support Evaluation - Tunisia); "All cooperation between Tunisia and the EU has been restructured around the 3 pillars of the AA, with the GBSs supporting the objective of increasing the competitiveness of the economy and the SBSs in education and vocational training supporting the objective of modernising the labour market, containing emigration and moving toward a knowledge society; the GoT five year development plans have incorporated the AA's dimensions and objectives, by developing them into political and economic action plans" (page 23, Budget Support Evaluation - Tunisia);.

In this instance, the alignment of the chosen modality (GBSs and SBSs) with the capacities of the implementing partner was facilitated by the strong commitment and political willingness of the Government of Tunisia to implement a National Development Plan focussed on effectively achieving the goals of the EU-Tunisia Association Agreement.

The EUD survey shows that the Delegation deemed GBS, SBS and project approach as aid modalities being commensurate to a high extent, while SSP was only commensurate to a very low extent.

Source: country fiche, EUD survey

Ukraine: *As stated in the Country Level evaluation, the modality used for delivering TRA (project approach) was by in large appropriate to the country context, taking into account the capacities of the beneficiaries.*

Source: country fiche

Zambia: The ROM report and the final evaluation for Capacity Building for the Private Sector Development (CBPSD) project on the one hand states that the partner had not the required absorption capacity, while the EUD stated that the project approach was commensurate to a high extent to the partner's absorption capacity. The field visit revealed that some achievements were realised mainly with technically capable partners.

In **Zambia**, the ROM-report and the final evaluation state that low ownership resulted from low absorption capacity, and an insufficient level of preparation was apparent on partner side, presented by the Ministry of Commerce, Technology and Industry (MoCTI), which was not ready to receive support and showed little interest: low allowances provided by the CBPSD may have played a role at MoCTI. Fortunately Statutory Bodies displayed on their side a fair level of ownership because they saw CBPSD as an opportunity to lift their own organisations' capabilities. But involvement and ownership by the private sector was disappointingly low as the participants' operating costs were not adequately covered, this being compounded by some misunderstandings regarding the CBPSD's very purpose.

The field visit found that most achievements were realised with technically capable partners who could have – in principle - benefitted from GBS given a comprehensive needs assessment, and indicators and an M & E framework that would have allowed them access to resources via the GBS.

According to the EUD survey, the Delegation deemed the project approach as being commensurate to a high extent.

Sources: country fiche, EUD survey, field mission

2.2 JC 2.2: Use of Commission GBS and SBS has contributed to delivering on TRA objectives

In the majority of cases under review for this evaluation, SBS effectively supported trade reform processes. A common denominator for the success appeared to be highly committed governments which assumed strong leadership and capacities for trade reform processes and ownership in policy design, implementation and monitoring (Jordan, Egypt).

The same is true for GBS, especially, when TRA-related GBS was embedded in wider reforms, which were also genuinely owned by the partner (Tunisia, Ecuador, Laos and Uganda). When partner governments followed clear strategies, GBS was a means to contribute to the success of the partners' reforms.

Ecuador – GBS: *Budget support provided sound support to policy implementation respecting fully the strong government leadership and high ownership in policy design and strategic choices.*

This conclusion of the CSE Ecuador confirms the findings of other evaluations: budget support is an effective tool in countries where governments are committed and capable of implementing robust development policies; it cannot modify a government's policy or generate commitment but may influence the content and pace of reforms.

Source: CSE Ecuador

Egypt - SBS: *SBS strongly supported trade reforms which were genuinely owned by the partner.*

Field visit: Egypt is an outstanding example of budget support facilitating the achievement of TRA objectives. Again without strong government commitment this would not have materialised.

Source: country fiche, field visit

Jordan – SBS: *SBS has supported trade policy reforms of the Jordan Government and has furthermore contributed to achieving high-level policy dialogue on trade issues. TRA happened in a rather conducive environment.*

The EU has contributed to a trend of beneficial economic policy reforms dating back to the late 1980s and consisting in reducing State subsidies, increasing tax revenues, privatising loss-making State companies, and strengthening public finance management. These reforms have been passed and applied. They can be connected to improvements in the country's performance in areas like tax revenue, public debt, growth, and income poverty.

The EU has achieved high-level dialogue with the Government about trade liberalisation and export-oriented business development.

Thanks to policy dialogue with and technical assistance from development partners, the Government has progressed in trade liberalisation, regional integration, and improvement of the business environment. It furthermore has to be stated, that support to trade reforms happened in a very conducive environment

Source: CSE – Jordan

Laos – GBS: *GBS has contributed to support policy reform processes in the area of trade.*

Through strengthened public financial management, including the clarification of the relationship between central government and the provinces, the budget support will contribute to structural reform that will pay long-run dividends that would be difficult to reap with a project by project approach.

Budget support and support for other forms of governance reform are appropriate means of supporting progress in the social sectors. This also holds true for trade-related reforms aiming at a trade-enabling environment. Supported areas are Lao's aim at joining the WTO, further liberalising trade intensifying regional integration into ASEAN.

In general, budget support in Lao PDR is working well in supporting the policy initiatives of the Lao government and its current five-year plan which is part of the broader National Growth and Poverty Eradication Strategy.

Source: CSE Laos

ENP-region: *Budget support achieved results in assisting reforms owned and often initiated by the partners.*

Budget support assisted reforms often initiated by the partner and embedded as priorities in its political programme. Budget support interventions also favoured continuous involvement of both donors and partners and induced a policy dialogue on the reforms supported. They reinforced the capacity of the institutions supported, thereby allowing them to use and benefit from the management and evaluation tools introduced.

Source: Evaluation of EU-cooperation with MEDA region

Tunisia – GBS and SBS: *The budget support operations in Tunisia are deemed very successful. Although there was only a limited reduction in aid delivery transaction costs and government capacities were only strengthened to a low extent. On the other hand, the aid modality strongly enhanced government ownership. All in all the success of the budget support operation was related to the fact that the reforms were fully owned by the government.*

Only in the case of Tunisia has Budget Support provided a significant contribution to growth and private sector development, since the country's commitment was high and the programme operated in a strong opportunity framework characterised by trade and economic integration into the EU and world markets.

Budget Support is an effective tool in countries where the government has the capacity and the determination to put in place robust development policies. (EU - Application of new approach to the evaluation of Budget Support operations:

Findings from Mali, Zambia and Tunisia)

The evaluation of the budget support programmes in Tunisia state that "The GBS programmes funded by the Commission, WB and AfDB provide technical and financial support to reforms agreed within the AA and NAP with the EU; these reforms are monitored jointly by Tunisia and the EU" (page 22). To sum it up, GSBs and SBSs in Tunisia have consistently included measures that have indeed allowed Tunisian industries to strive and prosper in a much more competitive environment created by the tariff dismantling process that drove average tariffs from 100% in 1996 to 4.5% in 2008, The GBSs contributed to the improvement of PFM, as attested by the very positive PEFA Report of 2010, largely confirming the findings of the 2003/2004 WB CFAA, namely through the five-year sliding plans and corresponding MTEFs (now covering 50% of budget expenditure" (page 38). All this having been made possible by Commission-supported but fully home-grown reforms (through Commission-funded budget support interventions) aiming at improving the business environment and with very low aid transaction costs in a context of domestically owned capacity-enhancing process. The high level of correspondence between the budget support programmes and the objectives and guidelines of the National Development Plan has facilitated the establishment of a performance evaluation framework aligned with the GoT systems, which

in turn has facilitated the joint assessment of the general and specific outcomes targeted by the budget support programmes” (page 29).

The OECD – impact assessment of budget support (partly based on the evaluation reports of the Commission of Zambia, Mali and Tunisia) stated that “In Tunisia, budget support has been particularly effective in supporting important economic reforms (trade liberalisation and taxation, financial sector restructuring, competition policies) and education reforms, which were given top priority by the partner.”

Source: Evaluation Insights – assessing the impacts of budget support (published by OECD), EC - Application of new approach to the evaluation of Budget Support operations: Findings from Mali, Zambia and Tunisia

Uganda - GBS: *GBS successfully supported reforms aiming at improving Uganda’s regional integration. This is a topic which was high on the political agenda in Uganda and has received much political support from Ugandan side.*

There exists evidence that the EU has positively influenced the implementation of institutional reforms and improved PFMs (at national and local level) through providing support via GBS.

There is furthermore evidence that the EU has contributed to regional integration via trade facilitation among other. The related GoU policy is stated in the National Trade Sector Development Plan, a recent breakthrough for regional integration, which is very much in line with the EU’s agenda in this regard.

The EU is the main development partner that encourages and actively supports regional integration. It has contributed to this thrust through funding and political support to the GoU’s regional integration agenda – both through the ESA-IO RSPs/RIPs and Uganda’s CSPs/NIPs. Uganda participates actively in the EAC and COMESA RIOs, although it seems to emphasise the EAC relatively more than it does COMESA.

A dedicated ministry, the Ministry of East African Community Affairs, was recently created to support the regional integration process and to help incorporating regional integration in Government of Ugandas GoU plans and programmes

Source: CSE Uganda

Zambia – GBS: *A lack of government commitment and ownership of needed reforms has hindered budget support to contribute to the implementation of these reforms.*

In Zambia, substantial investments were recorded in some major economic sectors, but public investments to improve opportunities in the rural economy were poor. Budget Support provided a limited contribution to the macro-economic policies that were mainly driven by other more important factors (export prices, debt relief). In agriculture, the financial contribution provided by General Budget Support has fed doubtful subsidy policies, on which significant divergences between government and donors have persisted.

Source: EC - Application of new approach to the evaluation of Budget Support operations: Findings from Mali, Zambia and Tunisia

Aid agencies can only expect to push through sustainable reform when there is a critical level of government ownership.

While important achievements were made in the areas of PFM, the Office of the Auditor General, decentralization, budget cycle procedures and tackling corruption, budget support has not been able to influence institutional reforms or influence policy in such a way as to substantially improve governance.

Source: Between high expectations and reality: An evaluation of budget support in Zambia

2.2.1 I 2.2.1 TRA related indicators in GBS/SBS have been achievable, regularly monitored and helped addressing core issues at appropriate levels related to the TRA in partner countries AND I 2.2.4 Indicators agreed are focussing at appropriate levels and based on robust methodology to assess the desired outcomes

The quality of TRA related indicators in budget support operations has been mixed. Three EU Delegations assessed the measurability and relevance of such indicators as high, while one Delegation rated measurability and relevance as rather low, and one Delegation rated both as low.

As evidence from the countries show, there have been several occasions in which budget support indicators have not been fully appropriate, despite the countries receiving support from Commission HQ when developing indicators. The reasons for indicators not being appropriate differ from country to country. In Egypt, several indicators were not relevant and too broad. In Ghana, the indicators have been relevant, easy to measure and regularly monitored but were overly ambitious and not fully within the reach of the beneficiary. In Zambia, TRA-related indicators have been dropped from the GBS intervention all together, based on mutual agreement.

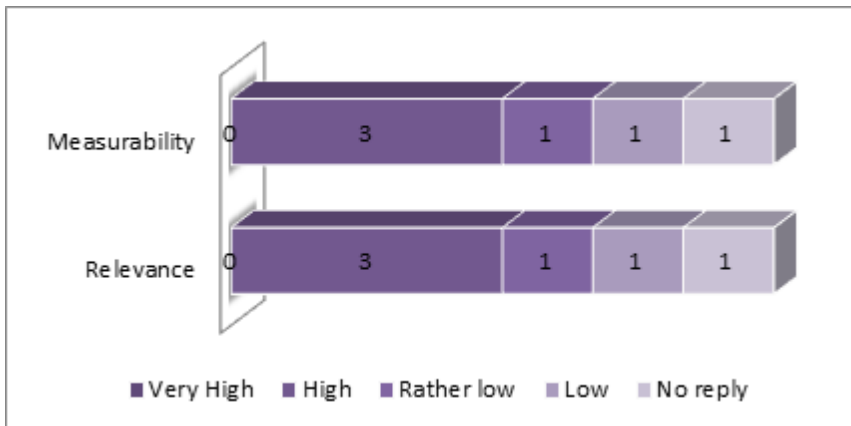
Tunisia is the only case were all indicators were relevant, measurable and aimed at core issues triggering, when met, the broader sought-after impacts. There, the indicators were developed together with the partner government and other donors involved in budget support.

Regarding achievability of indicators, only Ghana experienced major problems, as the indicators were set at too ambitious levels and monitoring by the partner was deemed insufficient by the EUD.

Findings from Egypt and Ghana show that the monitoring systems for the TRA-related indicators of budget support operations were not adequate. The EUD survey confirms that in a number of cases, reporting of the partner was only partly reliable and came rarely on time.

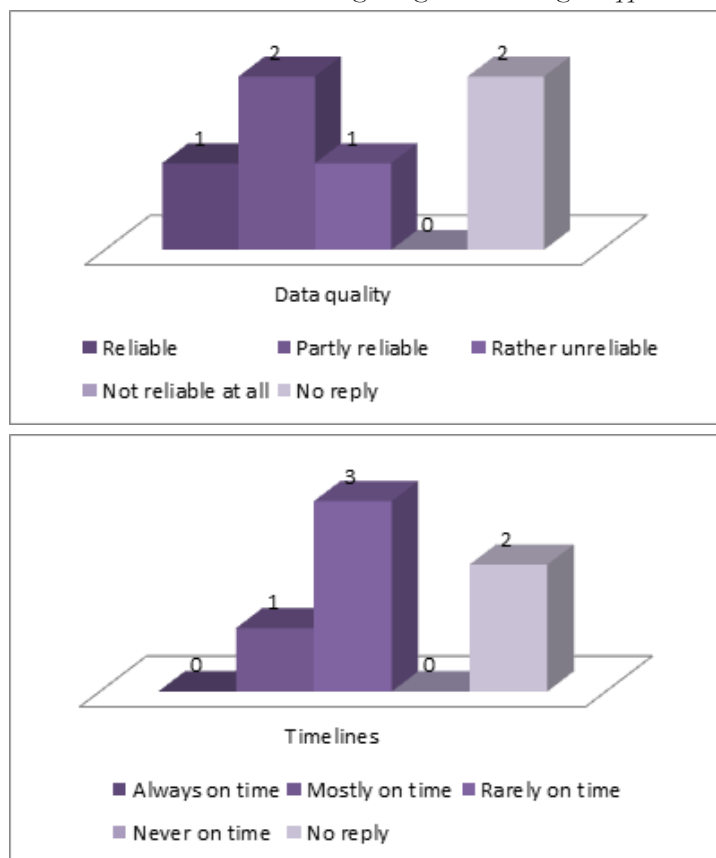
The following EUDs with budget support answered the survey questions regarding budget support: Egypt, El Salvador, Ghana, Guyana, Tunisia and Zambia. Their answers show that most indicators were developed as a joint process between the Commission and the partner government. In most cases, Commission HQ provided key inputs or quality assurance, and in some cases Commission HQ only played a limited role. The following figures summarize further answers of the EUDs regarding measurability of the indicators and quality of the partners' reporting on budget support indicators.

Figure 9: Relevance and the measurability of TRA related indicators in General Budget Support and Sector Budget Support for the achievement of TRA objectives



Source: EUD survey

Figure 10: Results of the survey to EUDs: Reliability and timeliness of the reporting through the government to the Commission regarding General Budget Support and Sector Budget Support indicators related to TRA



Source: EUD survey

Egypt: The indicators for budget support were criticised from partner side as well as by ROM missions. Although there have been some appropriate indicators, a number of indicators were criticised as not being relevant, not being linked to results, being very loose and not specific, and at times too broad and too divorced from TRA. Those indicators were developed in a joint process between Government and Commission, and Commission HQ provided key inputs and ideas for indicator development. Furthermore an adequate M&E system was missing in the programme design and hence regular, objective monitoring was in fact not prevailing.

The Country Strategy Evaluation states that disbursement of SBS in Egypt was linked exclusively to a set of (policy-based) process indicators, not to outcome indicators.

The ROM report for TEP-B (SBS) states that the Financing Agreement was insubstantial as it did not contain a Logical Framework Matrix which would identify OVIs associated to expected results as is the practice required in Commission's PCM. The actions listed in the Matrix of Conditionalities (derived from the SFA), were not linked to any results. There was furthermore no regular monitoring of TEP-B results (mid-term or otherwise).

The final evaluation of the Spinning and Weaving Sector Support states that the matrix of conditionalities revealed some shortcomings but was mostly relevant, monitorable and achievable.

Insights from the Egypt field visit reveal that the indicators were generally met, but were criticised by the EUD and from partner side for not being relevant, loose and not specific. Designed indicators were at times descriptive, not measurable or timely and very broad. Thus, it was occasionally difficult to relate the overall impact directly to the TRA as more than one element was involved. Also some of the indicators were arguably too broad and divorced from TRA such as increase in exports and imports, and increase in FDI.

But there were also some appropriate indicators such as passing of laws, publishing of improvement in custom clearing time, introduction of single window, improvement in transaction costs for trade, enterprises privatised, reduction of workforce and improved international compliance on certification.

The budget support under TEP B was linked to a number of indicators more on the macro level and relating to the reform programme of the Government.

For some projects and component, adequate indicators were not built-in in the design of the Programme, hence no regular, objective monitoring was undertaken. This was feedback from TEP C interviews.

According to the EUD survey, the budget support indicators were developed in a joint process between the Commission and the partner government, while Commission HQ provided key inputs and ideas.

Source: country fiche, EUD survey, field mission

Ghana: *In Ghana, the majority of the budget support indicators were based on well-established methodology. They had been developed under the leadership of the Commission and Commission HQ provided key inputs and ideas to the indicator development. The indicators were highly relevant, easy to measure and monitor, and addressed TRA issues at appropriate levels. But still they were not adequate. The indicators were overly ambitious and some were out of reach of the programme beneficiary. And as reality did not meet the high expectations, this caused disappointment on all sides. The EUD stated that monitoring from government side was rather unreliable and rarely on time.*

Project documents show that the indicators in the Private Sector and Trade Enabling Programme (PSTEP) were not met and caused disappointment on all sides, but this was arguably due to a combination of too high and unrealistic ambitions, combined (and perhaps causing) waning government ownership.

The field visit supports these insights:

The indicators were relevant, they helped addressing core issues, they were “monitorable” and were indeed effectively monitored, but they were too ambitious: they were not achievable and they were indeed not met, despite the some commitment of the GoG (which was not enough, even for input or process indicators, and all the more so for outcome/impact indicators).

Some of the indicators were achievable and were achieved. However some were not (such as budget execution) as this entailed drastically improved financial management among the more than 17 agencies involved in PSTEP, most of which outside the authority of MoTI. Clearly ‘the end result was much weaker than initially expected as expectations were much higher’ (PSTEP ROM report 2010). Moreover even those that were achieved were not consistently addressing the appropriate levels. E.g. the share of non-traditional exports in the trade portfolio is, in the short to medium term, largely reliant on the world market prices of traditional exports and climatic conditions. Hence this indicator is largely outside the control of the MoTI at least in the programme period which saw high volatility. Finally the use of Doing Business (DB) indicators may again be less appropriate than assumed. As research has pointed out, DB indicators use a *de jure* approach that focus on how process (should) work in principle, which is most often at odds with *de facto* experiences of businesses. It would seem that the indicators should have been closer associated with the outputs of MoTI and trade related organisations under government control.

There was a relatively robust and agreed methodology for assessing the indicators based on, the arguably flawed, World Bank Doing Business indicators methodology. As stated above the desired outcome was to improve the *de facto* business and trading environment, whereas the indicators focused on *de jure changes*, the discrepancy between which is substantial.

According to the EUD survey, the budget support indicators were developed under the leadership of the Commission, while Commission HQ provided key inputs and ideas. The EU Delegation stated that the indicators were highly relevant and their measurability was high.

Source: country fiche, EUD survey, field mission

Tunisia: *Evidence suggests that the indicators and associated targets were both incentivising and achievable, and helped addressing core issues of TRA delivery. The indicators were developed jointly by the government, the Commission and other donors, whereby the Commission HQ provided quality assurance. Monitoring of the indicators by the government was reliable but rarely on time.*

In Tunisia the following is observed in the budget support Evaluation Report: “Several TA activities and/or economic and sector studies conducted in parallel with or prior to the GBSs have extended the economic analysis, contributed to the correct targeting of reforms and provided a reference for defining specific measures under the matrices of conditionalities” (page 28); “The high level of correspondence between the budget support programmes and the objectives and guidelines of the National Development Plan has facilitated the establishment of a performance evaluation framework aligned with the GoT systems, which in turn has facilitated the joint assessment of the general and specific outcomes targeted by the budget support programmes” (page 29).

According to the EUD survey, the budget support indicators were developed as a joint process of the government and the Commission, while Commission HQ provided quality assurance. The EU Delegation stated that the indicators were highly relevant and their measurability was high.

Source: country fiche, EUD survey

Uganda: *The country strategy evaluation showed that the TRA-related indicators (disbursement triggers) were not fully adequate.*

The country strategy evaluation came to conclusion, that the TRA-related indicators of the GBS were not adequate: there was not enough correspondence between targets expected (i.e. reforms) and funding available at the corresponding departments of the Ministries/institutions.

Source: CSE Uganda

Zambia: *During the design phase, the development of indicators did not fully take into account the capacities of the partner which resulted in indicators with very low relevance and very low measurability. As a consequence, the TRA related indicators were dropped on mutual agreement.*

The field visit revealed the following:

The introduction of TRA indicators into GBS did not take into account the context or capacities of the GOZ. As a result, the attempts to include trade related indicators in the GBS framework did not lead to any tangible results or improved dialogue on regional integration and trade.

The capacity of the Government of Zambia to support indicators on trade in GBS was not properly assessed in the beginning, and the introduction of TRA indicators was not accompanied by an assessment of required policy changes and institutional development and associated resource allocation.

After this became obvious, the TRA indicators in GBS were dropped on mutual agreement.

Source: field mission

2.2.2 I 2.2.2 Evidence of GBS/SBS reducing TRA transaction costs, improving capacities and promoting ownership of government institutions

In the majority of the countries with EU trade support under review for this evaluation, SBS and GBS contributed to the reduction of aid delivery transaction costs (GBS and SBS: Ghana SBS: El Salvador, Egypt, Guyana; GBS: Vietnam). This finding is supported by the EUD survey as well as findings from the country case studies.

Some of the budget support operations furthermore enhanced partner ownership. But half of the surveyed EUDs stated that this benefit was achieved only to a low extent or not at all. The country cases show that in those countries where there were already high initial levels of partner ownership, like in Egypt, ownership was further increased through budget support.

Unfavourable conditions like lack of commitment and inadequate partner capacity did seriously hamper the realisation of budget support's potential benefits.

Furthermore, overly ambitious targets of budget support in Ghana led to failure in meeting the targets which caused frustration and eventually decreasing ownership.

EUD survey: *According to the surveyed EUDs, half of the budget support operations under review led to enhanced ownership, while the other half did only have a low effect on ownership. Most of the budget support operations led a reduction in aid delivery transaction costs.*

Table 1 *Answers of the EUDs regarding ownership, transaction costs, capabilities and accountability*

	To a very high extent	To a high extent	To a low extent	To a very low extent/ Not at all	No reply

	To a very high extent	To a high extent	To a low extent	To a very low extent/ Not at all	No reply
Enhancing ownership of the government in relation to TRA: Please indicate:	0	3: Tunisia, El Salvador, Egypt	2: Guyana, Ghana	1: Zambia	10
Enhancing planning and management capabilities of the government related to TRA: Please indicate:	0	2: El Salvador, Egypt	2: Guyana, Tunisia	2: Zambia, Ghana	10
Reducing TRA delivery transaction costs: Please indicate:	0	4: Guyana, Ghana, El Salvador, Egypt	1: Tunisia	1: Zambia	10
Strengthening accountability of financial management (including procurement systems) related to TRA: Please indicate:	1: Zambia	2: Tunisia, El Salvador	2: Guyana, Egypt	1: Ghana	10

Source: EUD survey

Cameroon: During the field visit, it was indicated by government representatives that transaction costs would be higher in Cameroon with GBS in order to deal with corruption and bureaucratic inefficiencies.

Source: field mission

Egypt: The Commission has been pioneering in providing TRA using, at that time, new modalities, most notably through the budget support. SBS evaluations, field visit and the EUD survey all provide evidence that the use of SBS reduced transaction costs, enhanced government ownership and strengthened government capacities. But it is important to note that budget support was implemented in a conducive environment with a government strongly committed to implement trade reforms. In addition the SBS interventions were further backed by project interventions which complemented the budget support.

Furthermore there was very limited participation of NSA in budget support operations

The Country Strategy Evaluation for Egypt states that: “Because a majority of SBS disbursement triggers were related to measures already owned by GoE or at least discussed with GoE, the ownership of reforms and thus their likelihood of success were good.”

The ROM reports state that for TEP-B, a reduction of transaction costs was especially achieved by allowing the MoF to use government’s procurement procedures and not having to follow Commission’s procedures

One ROM report for TEP-B furthermore states that “It is difficult to measure the efficiency of implementation but it must be stated that in the absence of a resource schedule, the reforms would not have taken place if resources were not made available by the participating institutions. The measures must therefore be viewed as indicative activities to be carried out within the broader government reform process. The TEP-B program was understood to be supporting a political dimension which had more to do with achieving macroeconomic indicators rather than at the micro level of program implementation.”

The Egypt field report complements: the Commission has been pioneering in providing TRA using, at that time, new modalities, most notably through the budget support. This has substantially contributed to achieving the objectives and has been a cost effective element. Moreover, it has provided a strong indication of the Commission’s respect of and support to the domestic ownership of the trade reform process. It has given the government’s overall reform process increased credibility and provided increased fiscal space for the implementation.

The successful piloting of budget support for TRA was largely conditional upon strong government commitment to implement trade reforms as part of a wider economic reform package. The EEAA and the

strong trading sector in the economy were probably also instrumental in keeping the government committed to the reform path.

While the majority of the specific objectives were achieved, it is important to note that the budget support was closely tied to project interventions, not least under the TEP programmes.

Although budget support contributed to strengthening partner's capacities, the budget support could however not generate strong enough political will to further enact institutional reorganisation, which could have further improve efficiency and coordination.

Furthermore the field visit revealed that there was very limited participation of NSA in budget support operations.

In the EUD survey, the Delegation stated that the budget support did enhance ownership to a high extent, enhanced partner's planning capacities to a high extent, reduced transaction costs to a high extent and strengthened accountability to a low extent.

Source: country fiche, EUD survey, field mission

El Salvador: *The budget support modality was a highly successful in reducing transaction costs, enhancing ownership, strengthening government capacity and improving accountability of financial management. The budget support operation was well adapted to the national context, supporting reforms of a highly committed government.*

Country Strategy Evaluation: Nevertheless, the PAPES has provided an interesting case in this respect in that the flexible use of the budget support modality proved to be an efficient way of supporting a national programme, in terms of time and resources at both the Commission and the government sides. It was considered a success by all parties in the country. It benefited from the advantages of a results-oriented modality, relying on national procedures and management, and respecting the principles of the Paris Declaration.

The case of the PAPES has proven that budget support can be an efficient way of supporting a national programme. This case of a general budget support programme whose resources benefitted directly a government programme has proven an efficient modality for supporting a particular programme, in terms of time and resources from both the Commission and government sides.

The budget support was suggested by the Commission, and demanded by the government. It was very much in line with the national context and the government's commitment.

Source: summary of evaluations report

Ghana: *ROM reports as well as the EUD survey indicate that the SBS modality did not enhance government ownership nor strengthen government capacity, but did reduce aid delivery transaction costs.*

Regarding participation of NSA in budget support operations, this was very limited.

The project documentations show that the PSTEP does not seem to have induced an increased GoG funding to the Commission-supported policies, leading to some micromanagement by IDPs and to a loss of ownership; some capacity building was nevertheless posted in commercial courts, in mediation and in arbitration, but decentralisation failed, leaving most bottlenecks to private sector development in place: PSDS1 did not really engage in private sector support. In this instance, the failure of GoG to fill its part of the contract has not allowed for all expected results in terms of reduced transaction costs to be produced, and the local ownership was, as a result, negatively affected.

The ROM report for the PSTEP (SBS) project states that lack of capacity and institutional weaknesses were the main problems, as well as a lack of commitment.

Insights from the field visit:

Not evident that capacity has improved much in core sections of MoTI, but transaction costs fell.

NSAs active participation in budget support operations was limited to formulation and formal presence in steering committee which was not particularly functional.

Source: country fiche, EUD survey, field mission

ENPI South (from CSE-summary): *In the MEDA region, budget support operations have been particularly favorable to ownership and sustainability.*

They supported reforms were often initiated and owned by the partner, and budget support was not the main incentive.

MEDA regional level evaluation: The increased use of budget support as an instrument to support reforms proved globally positive in terms of efficiency except in some interventions where there had been insufficient preparation and awareness raising of the partner. It allowed more space for policy dialogue resulting in improved ownership. It introduced continuity in the support of the reforms and the gradual building-up of a cooperative dialogue on politically-sensitive issues. It also simplified management for the partner who could use its own procedures. When it was conducted in coordination with other multilateral institutions it permitted an efficient blend of competences beneficial to the partner.

Budget support interventions have been particularly favourable to ownership and sustainability. They supported reforms often initiated by the partner and embedded as priorities in its political programme. Budget support interventions also favoured continuous involvement of both donors and partners and induced a policy dialogue on the reforms supported. They reinforced the capacity of the institutions supported, thereby allowing them to use and benefit from the management and evaluation tools introduced. However, the sustainability of the policies supported by budget support interventions will depend on their acceptability by the population.

Source: summary of evaluations report

Vietnam: *GBS has contributed to reducing transaction costs and improved ownership and capacity of partner (Government of Vietnam)*

The EC's main strategic shift, from project-based approaches to General Budget Support (GBS) in support of the GoV's poverty reduction strategy, has been largely successful. Transaction costs for the GoV have been reduced, GoV ownership and capacity have been increased, and policy influence has been gained.

One pillar of the GBS was 'business development', which included the objective to facilitate Vietnam's integration into the global markets. Indicators for this area were the following: export orientation, international alignment of standards, and client satisfaction with customs.

Source: CSE Vietnam

2.2.3 I 2.2.3 Evidence of GBS/SBS improving policy dialogue on TRA (direct output in the Commission GBS evaluation methodology)

In countries committed to reform, well-designed budget support operations furthermore enhanced policy dialogue on trade issues.

This finding is on the one hand supported by the EUD survey and on the other hand reflects the findings from the MEDA region (especially Egypt and Tunisia).

However, there are also examples in which budget support did not improve the policy dialogue, like in Ghana, where there were design problems regarding the budget support operation (inadequate indicators), and in Zambia, which was characterised by a low level of partner commitment.

In the EUD survey, one Delegation stated that budget support as aid delivery modality enhanced formal and informal policy dialogue on TRA to a very high extent, and three Delegations stated that budget support enhanced policy dialogue to a high extent.

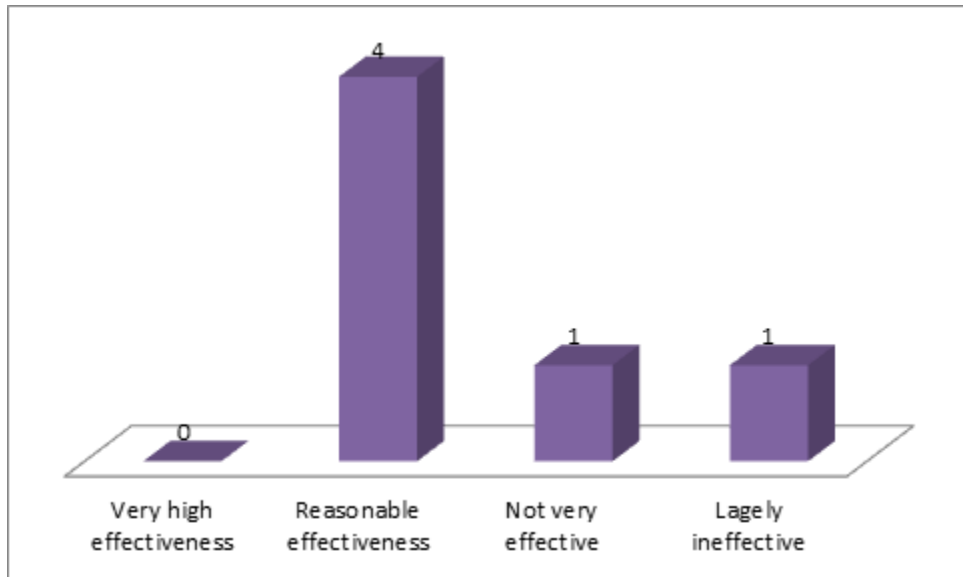
Furthermore, four Delegations stated that budget support was reasonable effective in promoting policy dialogue on TRA, while one Delegation stated that budget support was not very effective and one Delegation stated that budget support was largely ineffective in promoting policy dialogue on TRA.

Table 2 Results of the survey to EUDs: To what extent did General Budget Support and Sector Budget Support impact on / contribute to the following selected issues?

	To a very high extent	To a high extent	To a low extent	To a very low extent/ Not at all	No reply
Enhancing informal and formal policy dialogue on trade-related issues: Please indicate:	1	3	0	2	10

Source: EUD Survey

Figure 11: Result of the survey to EUDs: Effectiveness of General Budget Support and Sector Budget Support in promoting policy dialogue on TRA and on wider trade issues



Source: EUD Survey

Egypt: The EUD gave the assessment that the budget support operations had a very positive effect on formal and informal policy dialogue. However, the question remains whether the policy dialogue would have been there regardless of budget support. Interviews point towards the notion that the existence of a comprehensive reform package and the Commissions support of it were the key drivers for an improved policy dialogue.

Project documentation for TEP-B and the SWSSP point towards a robust policy dialogue.

From the field visit however, it did not become evident that there has been much policy dialogue on TRA over and above the programmes and the EEAA, which are of course also substantial elements. However, policy dialogue on EEAA would probably have been there regardless of budget supports given its importance to the Egyptian economy.

TEP B interviews showed that a whole package of reforms was a key driver for a more improved policy dialogue.

In the EUD survey, the Delegation stated that budget support enhanced formal and informal policy dialogue on TRA to a very high extent. The Delegation furthermore stated that budget support was reasonable effective in promoting policy dialogue on TRA and on wider trade issues.

Source: country fiche, EUD survey, field mission

El Salvador: While evaluation missions did not find a positive impact of budget support on policy dialogue, the EUD stated that budget support had this positive influence.

Country Strategy Evaluation: The Commission has had difficulties in establishing a policy dialogue with the authorities, either at global level (macro-fiscal, PRSP), at sector level or on public finance management

issues. As a result, the budget support programmes have had limited leverage on policy and sector discussions.

Despite having formalised the requirement for policy dialogue, the condition was never satisfactorily fulfilled. The Commission, as the only provider of aid in the form of budget support to Guyana, has benefited from no deeper or more regular policy dialogue than any other donor.

In the EUD survey, the Delegation stated that budget support enhanced formal and informal policy dialogue on TRA to a high extent. The Delegation furthermore stated that budget support was reasonable effective in promoting policy dialogue on TRA and on wider trade issues.

Source: country fiche, EUD survey

Ghana: *Project documents, the field visit as well as the EUD survey provide evidence that budget support did not induce improved policy dialogue nor promote full implementation of the PSTEP. Initially there was dialogue at the beginning of the budget support operation to set up the right indicators and promote increased coordination. But technical dialogue between MoTI and the Commission was subsequently lacking and the initial level of policy dialogue could not be maintained. The Commission's budget support intervention did also not increase the importance of trade as a topic at the multi-donor budget support meetings.*

Project documentation (ROM reports) shows that the PSTEP has promoted dialogue between GoG and private sector, promoting results linking performance indicators with GoG's funding to the sector, and SPSP strengthened coordination in expenditure planning and forecast, but technical dialogue between MoTI and the Commission was absent, despite the fact that this is one of the main rationales behind the choice of the SBS modality for PSTEP; dialogue with sector MDAs and IDPs was limited to the technical reviews twice a year, without the PSTEP "incentive" budget allocation improving trust and confidence between EUD and GoG. Meanwhile, the Multi-Donor Budget Support led to an improved results-oriented Performance Assessment Framework (PAF), but the WB exited it to negotiate its own PAF matrix, thereby disrupting the multi-donor policy-dialogue platform that had been put in place.

The field visit brought the following insights:

It would seem that there was some policy dialogue in the formulation of the indicators and immediately thereafter, but gradually this was reduced perhaps partly as a consequence of failure to reach the triggers. Thus the level of policy dialogue that budget support initially catalysed could not be maintained. Under the Multi Donor Budget Support platform, trade was at best a marginal topic for discussion and EPA discussion were not particularly productive nor did budget support make a stronger platform for discussing EPA.

It is not evident that TRA policy dialogue has improved using budget support but it was better coordinated as other donors also agreed on pooling before fragmentation set in.

In the EUD survey, the Delegation stated that budget support enhanced formal and informal policy dialogue on TRA to a very low extent / not at all. The Delegation furthermore stated that budget support was not very effective in promoting policy dialogue on TRA and on wider trade issues.

Source: country fiche, EUD survey, field mission

ENPI (from CSE-summary): *In the ENPI region, budget support operations have allowed for more space for policy dialogue.*

MEDA regional level evaluation: The increased use of budget support as an instrument to support reforms proved globally positive in terms of efficiency except in some interventions where there had been insufficient preparation and awareness raising of the partner. It allowed more space for policy dialogue resulting in improved ownership. It introduced continuity in the support of the reforms and the gradual building-up of a cooperative dialogue on politically-sensitive issues.

Source: summary of evaluations report

Tunisia: *Using GBS in Tunisia facilitated the creation of a forum for close and continuous dialogue on the main economic reforms. The EUD in Tunisia as well as the government of Tunisia stated that political and policy dialogue framework of GBS represented a genuine added-value to budget support. The survey of the EUD confirms this insight.*

In Tunisia, the following is observed by the budget support evaluation report: "Creating a forum for dialogue and targeting conditionalities helped to develop and monitor the reforms envisaged, particularly tax reform and VAT"; "In line with the dialogue, targeted technical support helped to reinforce the

macroeconomic forecasting and integrated debt management capacities and to introduce the MTEF”; “GBS allowed the creation of the forum for close and continuous dialogue on the main economic reforms (donors not having participated in GBS were de facto excluded from this dialogue)”; “The dialogue, conditionalities and targeted studies in particular helped with the reform and restructuring of customs, and with the planning and monitoring of trade”. “The dialogue and conditionalities also helped with achieving the important development results, in terms improvement of employability”.

The evaluation of Commission-funded budget support in Tunisia, observed: “The GoT and the Commission confirmed that the political and policy dialogue framework in which the GBSs and to which they contribute represent a genuine added-value to the budget support programmes” (page 27). “GBS is an instrument which makes the global partnership [with the AA and EU at its centre] and political/policy dialogue on the main economic and sector reforms both practical and credible” (page 32). The dialogue, conditionalities and targeted studies in particular helped with the reform and restructuring of customs, and with the planning and monitoring of trade and domestic market liberalisation. The GBS provides tangible evidence that the government has not been left alone to design and implement the economic modernisation, privatisation and upgrading processes necessitated by the AA and Euro-Mediterranean integration.

In the EUD survey, the Delegation stated that budget support enhanced formal and informal policy dialogue on TRA to a high extent. The Delegation furthermore stated that budget support was reasonable effective in promoting policy dialogue on TRA and on wider trade issues.

Source: country fiche, EUD survey

Zambia: *The EUDs state that budget support as aid modality has contributed to a high extent to enhance the policy dialogue. However, one of the field visit’s insights is that the inclusion of TRA indicators in the GBS has not improved policy dialogue on trade.*

Insights of the field visit: The inclusion of trade indicators in GBS, and the existence of a DTIS and the EIF did not lead to enhanced policy dialogue on trade. Interviews suggested that the EPA may have made it more difficult for constructive engagement on TRA issues, especially with the European Commission.

The attempts to include trade related indicators in the GBS framework did not lead to any tangible results or improved dialogue on regional integration and trade.

In the EUD survey, the Delegation stated that budget support enhanced formal and informal policy dialogue on TRA to a high extent. The Delegation furthermore stated that budget support was reasonable effective in promoting policy dialogue on TRA and on wider trade issues.

Source: EUD survey, field mission

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

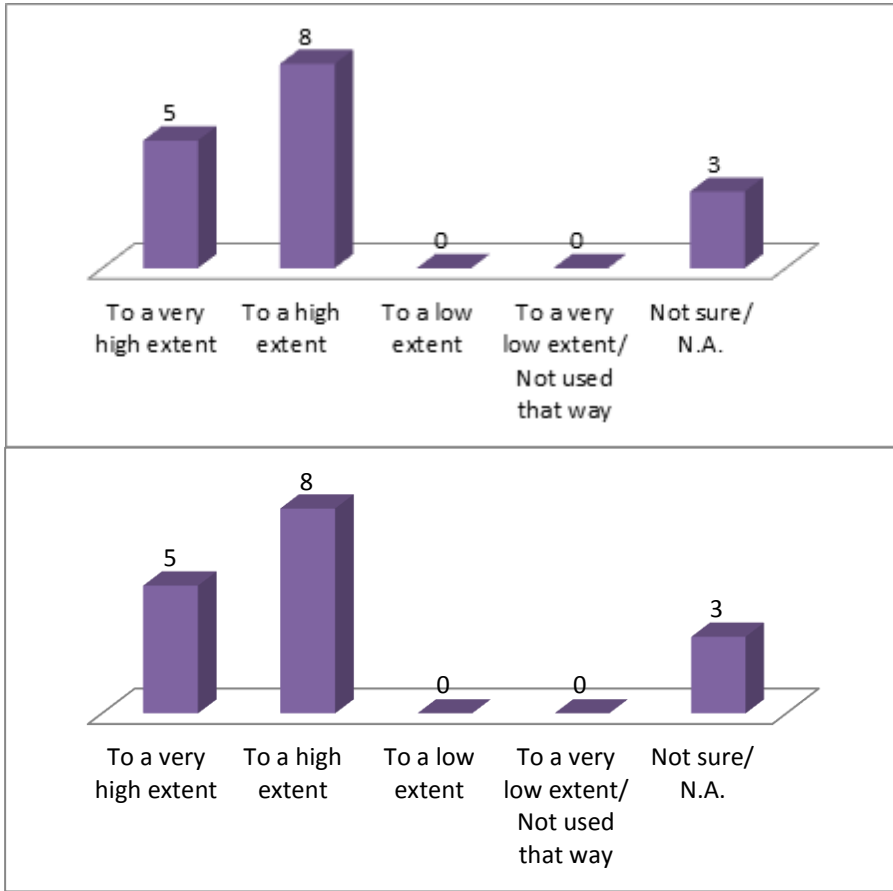
2.3.1 I 2.3.1 Project approaches used strategically to focus on specific challenges not addressable through budget support modalities

On the whole, the project approach was the most adequate modality in the context of weakly developed trade policy strategies in third countries. It was furthermore highly appropriate in contexts where it aimed to initiate trade-related reform processes.

The project approach was furthermore appropriate to deliver support in highly technical areas related to trade, such as harmonisation of technical standards, SPS regulations, compliance with WTO rules, and custom reforms.

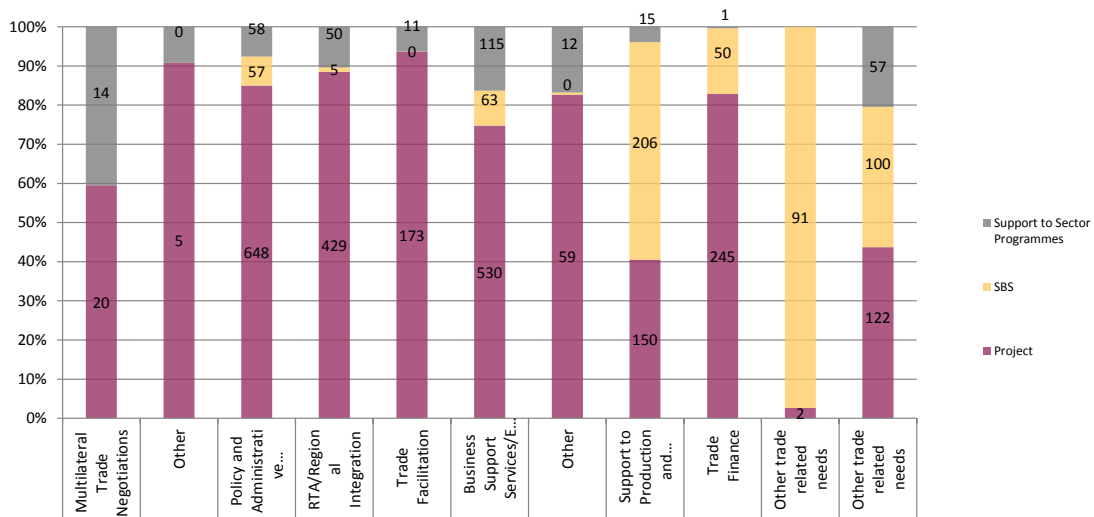
A common shortcoming of the project modality was high transaction costs stemming mainly from complicated EDF project procedures but also from low flexibility of the project approach (e. g. Bangladesh, Cameroon, Côte d’Ivoire, Egypt, India, West-Africa). Difficulties complying with Commission’s procedures were pervasive. In some cases this was exacerbated when not only Commission’s financial and administrative procedures had to be followed, but also those of another institution (e. g. MERCOSUR, Paraguay).

Figure 12: Result of the survey to EUDs: Extent to which the Commission has used project approaches strategically to focus on specific challenges not addressable through budget support modalities (2004-2010)



Source: EUD survey

Figure 13: Share of different aid modalities for the different thematic areas



Source: Inventory

ASEAN: There were issues regarding compliance with Commission regulations.

The Commission-ASEAN cooperation experience shows that compliance with the Commission’s N+1 and D+3 rules is even more difficult for regional organisations than it in the case of bilateral interventions at national levels.

Source: field mission

Bangladesh: *In Bangladesh, the only modality that was used was the project approach. The EUD stated that this modality was used very strategically. From partner side, there were complaints about projects not being flexible enough to adapt to changed situations.*

In Bangladesh, the project documentation shows that the trade Support Programme was started (post Cancun) in 2003 (€ 6,086,131): it successfully applied the ex-ante decentralised system to enhance ownership and provided capacity-building to familiarise beneficiaries with Commission requirements on procurement and award of contracts.

Insights from the field visit to Bangladesh:

Small projects facility has proven to be a good and flexible tool in providing complementary support for trade issues.

At the same time, GoB interviewees complained BEST funds could not be used flexible enough to meet needs which emerge during project implementation.

All in all, the trade sector is characterised by a large number of different stakeholders from different ministries, following different priorities and agendas.

There is no vision or clear idea from side of the Bangladeshi Government regarding a coherent approach to trade, or a strategy for reforming trade policy.

Source: country fiche, field mission

Burkina Faso: *Project approaches were used to overcome sector bottlenecks and lack of appropriate sector strategies. (CSE)*

Source: summary of evaluations report

Cameroon: *The only aid modality that was used was the project approach which was assessed by the EUD as being used very strategically. There were interventions from different budget lines – however, the EUD was not involved in coordinating all of them, and was at times not fully aware of their activities. Several officials complained about the complicated EDF procedures, but at the same time admired their transparency and diligence.*

Insights from the Field Visit:

Aid delivery modalities at national level are project based. Other channels used included the Trade.com facility for assisting exporting SMEs, PIP for informing farmers of international market GAP standards, Hub and Spokes programme, etc., but these global programmes did not show strong impact and the EUD was not involved in coordinating them at all.

The project modality has been employed as a channel for providing ACP-wide programmes such as Hub and Spokes, Better Training for Safer Food, PIP and Trade.com. These global initiatives have had limited impact evidence however, and were carried out without coordination or involvement from the EUD which was mostly not aware of their activities.

Several officials complained about the complicated EDF procedures – but simultaneously admiring their transparency and diligence, suggesting that similar systems should be in place at government level.

Source: country fiche, field mission

Côte d’Ivoire: *Project modality and support to sector programmes were used as well as different budget lines. Furthermore, the use of EDF project approaches was criticized by national stakeholders because of the related administrative burdens and delays.*

TRA was delivered drawing on the project modality and support to sector programmes, such as banana support or sugar accompanying measures.

In addition, project partners in Cote d’Ivoire benefitted from global channels such as from Pro€Invest and Bizclim. The appreciation of the various channels is mixed with the use of EDF project approaches being criticized by national stakeholders because of the related administrative burdens, delays and inflexibility.

The use of the EU’s Framework Contract instrument is seen rather negative in terms of availability of good technical expertise and the opportunity to source available national expertise.

Source: field mission

Egypt: *In Egypt, project approaches were used to strategically complement other modalities such as SBS programmes. The projects provided valuable support in the area of specific issues and specialised expertise that would have been difficult to provide via budget support. Hence the projects were used strategically.*

However, the partners stated their concern that the Commission's administrative and financial procedures were extremely complicated, especially regarding procurement. In some cases using budget support instead of a project approach would have improved implementation and promoted higher ownership.

Project documentation shows, that SWSSP was started in October 2004 as a SBS (€ 80 million in four tranches to create a modern, market-driven, competitive, Spinning & Weaving Industry. Its associated TA project was effectively used as a complement to the SBS modality, in order to deal with the social component of the deep restructuring of the industry (organising highly successful labour pools).

Findings of Egypt field report:

Clearly the projects also provided valuable support that would have been difficult (but not impossible) to mobilise using a budget support approach. Using the project approach as a vehicle has had mixed outcomes, with some of the well-known challenges also materialising in Egypt of limited ownership, varying quality of TA and training, as well as some inputs being supply driven.

GOEIC believed that the EU administration and financial procedures were extremely bureaucratic and complicated and budget support could be used to avoid that.

Feedback showed that the partners believe the budget support modality was practical as it avoided the cumbersome procedure of the EU. This was the case of e.g. GOEIC. TEP-C Customs HR and Capacity Building Head, also the initial counterpart in the TEP-C up to 2007, found the EU procedures very cumbersome, that intervention at a senior level in the Government was needed to adapt local regulations to the EU procedures.

Also, the final evaluation of TEP C stated that that the contractor has not been able to successfully manage the procurement process for the IT equipment and that it would have been advisable to fund the entire equipment part through a tranche of the budgetary support programme TEP B, which would have allowed to fully apply GoE procurement rules and regulations, thus, expediting the process. This was also confirmed during the Customs interviews.

Some sections of the GoE argued that Commission's TRA in projects can deliver specialised expertise that GoE would not be able to procure (due to high cost, lack of expertise and procedures).

The EUD itself clearly perceives that these project approaches strategically complemented the budget support (as evidenced in interviews and through the questionnaire).

Source: country fiche, EUD survey, field mission

Ghana: *In Ghana, the project approach mobilised specialised expertise that would have been difficult to mobilise by the government of Ghana. The EUD also confirmed that it used the project approach strategically to a high extent.*

During the field visit, there were complaints from partner side that EU's administrative and financial procedures were very complicated, time-consuming and undermined efficiency.

Commission's TRA project support has delivered on the objectives and this is a significant achievement.

COCOBOB found that the EU administration and financial procedures were extremely bureaucratic, complicated and time consuming which in turn also undermined efficiency.

Source: country fiche, EUD survey, field mission

India: *EU procedures for projects have caused administrative delays which have reduced relevance and impact.*

Country Strategy Evaluation: The Commission-funded projects and programmes in this sector have generally been relevant at design stage, but were affected by procedural and administrative delays, which reduced relevance and impact. Improved performance of more recent projects suggests that these constraints are being addressed. Common performance-related problem has been the "inappropriately high level of bureaucracy inherent in the award of grants utilising the EU's Practical guide to Commission's External Aid management and the original design faults of the programme.

Source: summary of evaluation reports

ENPI: *Diversity and complementary of modalities have positively influenced efficiency (and effectiveness).*

Regional level evaluation: Diversity and complementary of modalities have positively influenced efficiency (and effectiveness). Under MEDA II several instruments have been deployed: traditional TA programmes, budget support, twinning, Commission funds made available to the EIB. They have been managed in complementarity with non-MEDA budget lines operated by the Commission (EIDHR, etc.) and with the EIB using own funds for investments in infrastructure and private sector support. Twinning, as a system permitting institutional technical assistance and transfer of know-how between MS and MPC institutions, has generally been positively assessed. Conversely, the inappropriateness of the institutional set-up of large TA programmes generally entailed a reduction of the period left to contract, hereby leading to massive decommitments for several programmes.

Source: summary of evaluation reports

MERCOSUR: *The need to learn to work with EU and MERCOSUR procedures caused delays in project implementation.*

The field visit revealed that there were challenges regarding implementation of the projects including very complicated project design, poor quality of the TAs appointed to manage the project (SPS), the need to spend most of the first year of projects learning to work with the EU and MERCOSUR procedures. TRA project has not so far had a significant impact.

Source: field mission

Nigeria: *Ownership problems in project implementations were persistent owing to lack of involvement of beneficiaries in programming. This contributed to delays in programme implementation, which reduced the positive impact of the Commission's intervention in respect of regional integration and trade. (CSE)*

Source: summary of evaluation reports

Paraguay: *Due to the lack of sectoral policy in the area of trade, the Delegation used a project approach. The combination of highly bureaucratic national procedures and Commission's procedures generated delays in the execution of projects.*

Furthermore, the project modality was preferred to GBS as there was a perceived need to reform institutions and enhance their capacity, or to even create new institutions for the intervention.

Project documents show that the FOCOSEP's implementation modality was discussed during its identification phase with a variety of involved actors. A study commissioned by the EU recommended the GBS modality, but this was deemed to require reforming institutions to increase their capabilities and even creating new institutions, while, at the same time, pointing to an identified need for strengthening inter-institutional coordination, which eventually led to rather selecting the project modality.

Source: country fiche

Jordan: *Project approach was highly adequate to start the reform process in the trade sector and set the ground via a large scale programme at which point support was switched to sector budget support.*

The TRA project aiming at strengthening SME competitiveness was efficient due to to the timely articulation of the three instruments (pilot project, large-scale project, and sector budget support), much more than to their intrinsic merits. The pilot project set the ground which was then further broadened by a large scale programme until there was finally the switch to sector budget support.

The EU support to private-sector development (including trade-related assistance) has many features of a success story. It started by a four-year pilot (BST) which tested the instruments, raised awareness, and designed the next phase. Another four-year large-scale programme then created a country-wide capacity to provide SMEs with advisory services. In addition, the programme paved the way to transferring the policy to the Government, a third phase which is now on-going in the framework of a sector budget support..

Source: CSE Jordan

Ukraine: *The project approach has been successfully used to implement interventions in the area of TRA. Most of these interventions were of quite technical nature requiring very specific knowledge.*

Furthermore, TACIS as financing instruments was used very flexible.

Project documentation and the Country Strategy Evaluation shows, that the Project modality was highly effective despite a difficult institutional environment: EU-supported harmonisation of standards, norms and SPS regulations were crucial in gaining accession to the WTO, wherefrom most gap analyses originated (Ukraine is now compliant with WTO's IPR and TRIPS prescriptions, but TBTs remain an issue). This occurred through TA and Twinning, namely with State Committee for Technical Regulations and Consumer Protection, Conformity Assessment and Acceptance of Industrial Products and National Accreditation Agency.

Furthermore, the CSE states: The Commission made very flexible use of the TACIS instrument in respect of the financing modalities of projects and the nature of interventions. Close to 30% of TACIS commitments for technical assistance (€101,090 out of a total of €348,250) consisted of grants to international organisations, local governments and their agencies, and to international or Ukrainian CSOs. Although TACIS was primarily meant for providing Technical Assistance with limited investment content, one-third of Commission's commitments under TACIS were allocated to supply and works projects.

Source: country fiche

West Africa: *the EDF procedures are being assessed as overly complicated and cumbersome. Procedural difficulties which arise due to the complexity of EDF procedures have led to substantial delays in the implementation of projects.* (from Regional Level Evaluation)

Source: summary of evaluation reports

Zambia: *The Project approach was mainly used to provide support to sectors that had been neglected by the government and were unlikely to receive funding in the case of budget support to the government. Furthermore projects under Trade.com were used to provide assistance for specialised issues.*

The field visit furthermore found that most achievements were realised with technically capable partners.

In Zambia, project documentation shows that the project approach has also produced some positive results, in job creation and in bolstering non-traditional exports, but their design was not always flawless. Trade finance is provided through the Export Financing Facility, with quick-disbursing mechanisms and without collateral (by-passing the financial sector), but EDP-II focuses only on market-access issues, while supply-side issues are the most pressing ones to be able to compete (generating surpluses of globally marketable products and linking with capital assistance, not only TA). This led evaluators to conclude that the intervention has a low level of sustainability.

Insights from the field visit show, that support was often given to institutions that had long been neglected by government, in particular quality infrastructure institutions. So some of the successful TA and expertise provided would perhaps not been forthcoming had it not been for the project approach utilised.

A comparative advantage of the project approach is in the area of capacity building where the beneficiary is weak technically and strategically, not able to articulate needs effectively, or access resources to address needs once identified. However, in the case of Zambia the programmes impact was more because it was able to identify and provide resources to relatively competent partners who were largely excluded from government resources.

CBPSD and Trade.Com were accessed to provide specialised technical support to develop capacity in trade policy development and negotiations.

According to the EUD survey, the project approach was used strategically to a high extent.

Source: country fiche, EUD survey, field mission

2.3.2 I 2.3.2 Use of international organisations/initiatives provides added value that could not have been achieved through bilateral support

Use of international organisations can provide substantial added value as has happened in the cases of Bangladesh and Ghana, but can also lead to mixed results as the case of Côte d'Ivoire demonstrates.

Table 3 depicts the results of the EUD survey with regards to the appropriateness of different aid implementation channels.

Table 3 Result of the survey to EUDs: Extent to which implementation channels have been appropriate to achieve TRA objectives

	To a very high extent	To a high extent	To a low extent	To a very low extent/ Not at all	Channel has not been used	No reply
Government	5	9	1	0	1	0
Private companies/ contractors or development agencies acting as such	0	6	3	1	6	0
Development agencies (including multilateral donors and international organisations)	0	7	1	1	6	1
Regional Organisations	2	2	2	4	5	1
Non-Governmental Organisations	0	1	2	4	7	2
Trade associations including Chambers of Commerce	1	7	2	0	6	0
Research Institutions	0	0	5	3	6	2

Source: EUD Survey

ASEAN: Overall, channels seemed to have been appropriate to delivering TRA.

Insights of the field visit support the findings of the desk phase: Overall, modalities and channels have been appropriate to delivering TRA.

Source: country fiche, field mission

Bangladesh: Use of international organisations as project implementation channel has clear advantages and disadvantages.

From the project documentation: the Quality-Support Programme (Post-MFA) started in 2004 (€ 9,559,540) with sustainability-enhancing contributions from UNIDO and from the Commission's ITC Contribution Agreement.

Insights from the field visit:

In Bangladesh the decision was made to involve UNIDO and IFC due to their experience, expertise and existing methodological knowledge in specific areas. This has resulted in the following added values:

- International collaborations between NITTRAD (BQSP/BEST) and other institutions, such as the London College of Fashion (LCF), was easily facilitated given UNIDO's high reputation around the globe
- In the area of the promotion and implementation of norms and standards UNIDO, as a partner of all major international organisations in this field, has been in an excellent position to foster cooperation with them and attract representatives to international meetings/conferences in Bangladesh.
- UNIDO introduced further flexibility into the project e. g. via the adaption of indicators which was only possible due to the high trust that the Commission has in UNIDO
- As in the case of UNIDO, the advantage of using IFC as project implementer is the wealth of expertise, experience and reputation it brings into a project – in this specific case in the customs sector. As a World Bank institution IFC can easily source internationally leading and renowned experts in the field. This is much more challenging and difficult for a private consultancy firm.

The costs/disadvantages stemming from the use of an international organisation like UNIDO or IFC are:

- the fact that UNIDO has its own strict set of rules and regulations which in combination with the equally complex but often different Commission rules and procedures can at times be hindering for project implementation
- In the view of the EUD, the most significant problem is the reduction or even loss of EU visibility: if the project goes well, the UNIDO gets the credit. On the other hand, if the project is not successful, the focus is also on UNIDO. A good example is the high profile involvement of the prestigious London College of Fashion in BQSP/BEST which was facilitated by UNIDO. However, while the LCF website elaborates the college's contribution to the project, there is no mentioning of the EU – the article actually misrepresents BQSP as a British Council initiative.¹²
- International organisations are normally more expensive than consultancies firms as project implementers.

In the EUD survey, the Delegation stated that International Organisation as implementation channel for TRA was appropriate to a high extent.

Source: country fiche, EUD survey, field mission

Cameroon: *IO was selected due to its vast experience relevant for the project. The field visit showed that the use of the IO was efficient and provided added value. The EUD stated that the IO was a highly appropriate implementation channel.*

From project documentation: UNIDO was selected as partner to run the PASAPE because of their vast experience in supporting manufacturing development and quality of manufactured goods in agro-industries both in MEDA and West African countries, with support in HQs in Vienna, in their Cameroon office and from their Africa office. PAPMOD was supported by UNCTAD, especially for assisting in the implementation of the SYDONIA System in the framework of the Commission-UN FAFA Agreement.

Insights from field visit:

Use of UN infrastructure (UNCTAD for PAPMOD, Sydonia component, and UNIDO for part of PASAPE) showed efficient use of resources and provided added value.

In the EUD survey, the Delegation stated that International Organisation as implementation channel for TRA was appropriate to a high extent.

Source: country fiche, EUD survey, field mission

Côte d'Ivoire: *Advantages of IOs are their high expertise, while the disadvantages come from an additional set of rules and procedures, and loss of visibility.*

Furthermore, there was a lack of coordination of different instruments/budget lines (BizClim and others).

The field visit found, that in general, Commission's TRA modalities and channels have been appropriate to delivering TRA to Côte d'Ivoire. The use of thematic budget lines and the related focus on traditional agricultural export cash crops has proven to be an adequate response to the country's specific development challenges in periods of political and economic crisis. The modality choices have to a large extent contributed to maintain a high flexibility in responding to specific circumstances although the sector focus related to the use of thematic budget lines overly limited TRA choices at times. The reliance on private-sector driven TRA largely contributed to its success in times of political instability.

Further findings from the field visit:

Experience with the use of international organisations/evidence is mixed: some (UNDP) apparently provided substantial added value and contributed to smooth TRA project formulation and inception, some (World Trade Centre, International Trade Centre) have apparently contributed to a substantial complication of TRA planning and implementation. This seems to be attributable to the fact that

- in addition to EU procedures, project implementation is also subject to the – apparently somewhat complicated – procedures of the involved institution
- procedures are very headquarter driven
- limited local knowledge

Limited coordination of national TRA with TRA provided through global channels negatively affected the coherence and also visibility and reputation at national level.

¹² See <http://www.fashion.arts.ac.uk/enterprise/workforce-development/bangladeshqualitysupportprogramme/>

Involved institutions appeared to be rather “headquarter-driven” which is visible through the fact that rather costly technical expertise was provided through headquarters and the technical decision making process was dominated by headquarters with a rather low level of decision making autonomy left to local representatives in charge of the respective TRA.

From a country perspective, global channels, such as BizClim did not seem to be properly coordinated with national TRA leading not only to a loss of control and reduced coordination at Commission level, but also to confusion at national partner level and uncertainty related to corresponding contact points and follow up of past interventions at global level.

Source: field mission

Ghana: *International Organisations were chosen because they provided specialised expertise that the Commission did not have and could not easily obtain on the conventional consulting market. But according to the survey, the Delegation assessed this project implementation channel as appropriate only to a low extent.*

Project documentation: the GCSSP was jointly managed with the IITA as a grant contract managed according to Commission direct decentralised rules and with some outputs integrated in GoG policy framework especially for the community extension model under Cocobod’s PPP framework and for their alignment on other IDPs and NGOs initiatives towards improving small farmers’ livelihoods.

Findings from the field visit:

The verdict seems straight forward: the Commission did not have this expertise, nor was it readily available on the conventional consulting market. Thus the Commission made the correct decision (when compared to traditional consultancy driven projects) to use an IO for the major component of the CSSP.

The CSSP project and especially the use of the International Institute of Tropical Agriculture (IITA) was highly conducive to delivering TRA for the cocoa sector, as IITA had specialised competencies that could not have been sourced elsewhere.

There were generally no major trade offs in terms of loss of control and institutional memory.

In the EUD survey, the Delegation stated that International Organisation as implementation channel for TRA was appropriate to a low extent.

As a **global approach focusing on ACP countries, Pro€Invest** *aimed to enhance business linkages and to develop investment in ACP countries through activities dedicated to capacity building of private sector intermediary organizations (IO), such as business association and chambers of commerce, especially at regional level. Pro€Invest has led to positive results in a number of cases facilitating meetings and contacts between the ACP and EU business community and eventually also creating new bondages between regional organisations from within the ACP region. However, Pro€Invest was characterised by a lack of continuous support and follow-up actions, and it produced little impact on the IOs’ institutional strengthening, on the appearance of new and better quality services for the private sector, and on concrete policy changes. Having understood the limits of the earlier phases of Pro€Invest, where the concession of too dispersed small grants had rarely achieved real institutional upgrading, the Programme has at a later stage committed to assist IOs at an earlier stage, supporting them in a deep process of understanding their role and weaknesses to play it effectively, as well as in devising a strategy to address such weaknesses with the aim to improve the IOs’ chances of really implementing and benefiting at institutional level from an upgrading strategy, through a larger and integrated capacity building programme.* The design of Pro€Invest had taken into account the lessons learned from its predecessor programme EU-ACP Business Assistance Scheme (EBAS) running until 2002 with the purpose to activate the market for export and tourism related services. However, the effectiveness of EBAS in terms of enhancement of service delivery and institutional development of service providers had been rather low in the period preceding the evaluation period. While contributing some innovative ideas in trade and investment support, EBAS had been too broad in terms of activities and at the same time too limited in terms of scope to bring about a tangible outcome.

Source: Monitoring of Pro€Invest, various reports (2011, Overall Monitoring Report 2008; 1st Quarter; 2008); Final Evaluation of the EBAS Programme, 2005

3 EQ 3 on coordination, complementarity and coherence

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

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

3.1.1 I 3.1.1 Programming documents confirm that the design of TRA is coherent with Commission's TRA objectives and key development and trade-related policies

There is a good coherence of Commission strategies and programmes in TRA sector with Commission key policies documents. The CSP analysis shows that almost all CSPs (except for Cameroon CSP 2002-2007 and CSP 2008-2013) and all RSPs refer to overarching Commission policies and strategy papers.

These policies and strategies include but are not limited to the European Consensus on Development, Cotonou Agreement, Joint Council and Commission Declaration on Development Cooperation, Generalised System of Preferences (GSP), Everything But Arms (EBA) initiative. Furthermore, many of the CSPs/RSPs refer to Commission policies and strategy papers for specific regions or countries, like the Euro-Mediterranean Partnership, EU's Strategy for Africa, EU-Jordan Association Agreement, or the EU-Ukraine Action Plan of February 2005. The majority of CSPs (81.8%) and all RSPs (respectively 18 out of 22 and 6 out of 6) also include the topic of Economic Partnership Agreements (EPA).

In **Cameroon, Bangladesh and Uruguay** programming documents of the projects analysed are generally consistent with Commission's TRA objectives as formulated and in accordance with key policy documents as documented in the respective country fiches.

Source: country fiches, field missions

In **Côte d'Ivoire** coherence of Commission's TRA objectives in the country with key development and trade-related policies was given. Commission's TRA in Côte d'Ivoire until 2009 was to a large extent characterised by a high proportion of thematic budget lines focusing on trade development. For this reason, TRA had a strong sector focus on traditional agricultural export commodities. For this reason, coherence was sought primarily with broader key development policies and with trade-related policies in these sectors. There is limited evidence that the introduction of TRA in the area of trade policy and regulation and regional integration of Côte d'Ivoire has substantially changed this approach.

Source: field mission

In **Egypt**, the whole Commission cooperation strategy was highly relevant to the realisation of the EEAA, and thus to the objectives of the Barcelona Declaration and the European Commission Treaty. All the programming documents are generally consistent with Commission's TRA objectives as formulated in e.g. the 'Trade and Development' communication from 2002. Especially the three interlinked Trade Enhancement Programme (A, B and C) were shaped along these objectives and fully coherent with the development objectives of accelerating private sector led economic growth. Thus the objective of TEP B (budget support) was to 'improvement of access for Egyptian producers to international inputs and increased competitiveness of Egypt's exports'. As for consistency with EU other trade related policies this was addressed through mitigating measures most notably in TEP A and B.

Sources: country fiche for Egypt, field mission

In **Ghana**, all the programming documents are generally consistent with the Commission's TRA objectives as formulated in e.g. the 'Trade and Development' communication from 2002. Especially the PSTEP has direct reference to the 2002 communication and it clearly had a focus on integrating Ghana in the world economy. The PSTEP focus on compliance with international standards was also coherent with the food and safety regulation. This was even more explicit in the global initiatives that Ghana benefited from

(COLE ACP, Fish II, and better training for safer food). The CSSP was also coherent with the objectives to promote productive export sectors.

Source: field mission

In **Zambia**, programmes have supported access to markets and promotion of foreign direct investment which contribute to the objective of integration into the global economy. The EDPI and II directly addressed challenges facing exporters to EU markets, from training in horticulture to export finance; the CBPSD has aimed to support export and investment promotion institutions and services delivery in other areas relevant for the private sector and to trade. However, there was not a specific assessment of the intervention regarding coherence – the consideration of which may have led to support to QI addressing exports not just imports. This in large part due to the PSD focus of the CBPSD.

Source: field mission

An area of particular coherence is SPS/TBT. The high level of credibility of the Commission's approach is discussed in more detail under I 3.3.4.

3.1.2 I 3.1.2 Evidence of effective political and policy dialogue taking into account Commission's TRA objectives and their coherence with key selected development and trade-related policies

Political and policy dialogue have functioned well and took coherence into account in the majority of cases. 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 Commission, existed and contributed to coherence – albeit to varied degrees. Strongest evidence was found for ASEAN, Vietnam, the MEDA countries, Ukraine and Uruguay. Partial or limited evidence exist in the cases of Egypt, Ghana, Côte d'Ivoire, Cameroon and Zambia. Overall, sufficient evidence of effective dialogue mechanisms is given. At the same time, however, in some countries, particularly Cameroon, Ghana and Zambia, EPAs have somewhat hindered good policy dialogues and several EPA-related projects were not demand-driven.

We understand policy dialogue as a dynamic, non-linear, multi-faceted process of communication and bargaining at different levels regarding a specific policy field, e.g. trade. While the expressions policy and political dialogue are often used as synonyms, the definition of political dialogue situates the exchange at a higher level, with the term being understood as high-level exchange and interaction among governments and regional organisations and their respective stakeholders, covering all aspects of mutual interest with the aim of pursuing common goals and establish common ground. The structure of political and policy dialogue is highly complex. The purpose of a policy dialogue is not to resolve specific issues, for example, with regard to SPS/TBT, IPR or customs regimes but to increase the level of mutual understanding and to agree on the general direction for reforms.

ASEAN is a model case for a well-functioning policy dialogue. TRA projects run in parallel and are coordinated with a high-profile political dialogue on economic cooperation. The EU participates in a series of consultative meetings with ASEAN which includes the ASEAN-EU Ministerial Meeting (AEMM), ASEAN-EU Economic Ministers Meeting, ASEAN-EU Senior Officials Meeting, the Post Ministerial Conferences (PMC) and the Joint Cooperation Committee (JCC) Meeting. The meetings offer opportunities for the EU and ASEAN to review their relations in the fields of economic and development cooperation (in addition to political and security relations) affecting the two sides. The ASEAN-Brussels Committee, ASEAN-Berlin Committee, ASEAN-London Committee and ASEAN-Paris Committee also assist in conducting and maintaining the dialogue with the EU. At the apex of the dialogue process is the AEMM which has effectively set the direction and pace of the dialogue and reviews, inter alia, the economic and functional cooperation between the two sides. *Source: field mission*

In **Vietnam**, the importance of policy dialogue has been highlighted. “Overall, the policy dialogue between the GoV and donors, including the Commission, has been focused primarily on influencing the implementation of

existing pro-market reform policies, rather than introducing or designing new ones. This had the result of ensuring very high GoV ownership of support provided”. According to the CSE, the Commission funded support for policy dialogue contributed to strengthen Vietnam’s economic reform programme, as well as to pro-market legislation and policies and accelerated Vietnam’s entry into WTO (CSE, Vol 1, p. 22, p.95-96, p.99)

Source: country fiche

Similar findings apply to the **MEDA** countries *where political and policy dialogue seems to have functioned well. The Barcelona Process provided a unique framework for deepening political dialogue.* It is formalised at multilateral/regional level through Ministerial conferences, the Euromed Committee and Euromed working groups that promote dialogue between the EU and the MPC and at bilateral level in a set of Association Agreements that provide for specific arrangements.

Source: Evaluation of MEDA Region

In **Ukraine**, the *Partnership and Co-operation Agreement (PCA) between the Commission and its MS, on the one part, and Ukraine, on the other part, aim among others at providing an appropriate framework for political dialogue, and promoting trade and investment between the parties.* The PCA also provides for regular political dialogue at parliamentary level within the Parliamentary Co-operation Committee. In the framework of Ukraine-EU Co-operation Council, four subcommittees have been established and function, including EU-Ukraine Subcommittee on Trade and Investment (country strategy evaluation).

Source: country fiche

In **Uruguay**, *projects at regional level, which dealt more with TRA issues, included SPS and TBT policies which were being addressed through support to technical and regulatory harmonisation, laboratories equipment and capacity building and compliance.* These projects were negotiated mainly at political levels, leaving involvement of technicians to later stages, where in some cases (SPS project) this created rejection at least in the early stages. As implementation went on many issues have been ironed out or activities re-directed, thanks to fluid dialogue with the EU, through the corresponding structure in MERCOSUR (CCT).

Source: field mission

In **Egypt** *the design clearly stated that SPS and TBT policies of the EU would be addressed through support to e.g. laboratories, standards improvement and compliance.* In the design documentation there is no mention of the Common Agricultural Policy of the EU although this also has a tremendous impact on Egypt’s export ability. However, this has mostly been internalised by exporters as a given framework condition and hence they felt there was no need to make this into a substantial issue, despite their obviously deploring the impact.

Source: field mission

In **Côte d’Ivoire**, *political dialogue was maintained throughout the evaluation period as far as this was possible during political unrest.* However, political dialogue was of broader nature and not so much focused on trade.

Source: field mission

In **COMESA** *structured mechanisms to ensure coordinated policy dialogue “between the Delegations responsible for the four RIOs involved and between these and Delegations with national competences are not in place.* The same applies to mechanisms to ensure structured dialogue with Commission Headquarters. Commission pre-IRCC coordination meetings usually take place and the sporadic participation of AIDCO representatives to the IRCC meetings has been registered, but these are yet to become structured and systematic mechanisms” (RSE COMESA, p. 21).

Source: regional organisation fiche

Zambia, Ghana and Cameroon EPAs have hindered good policy dialogues to some extent and several EPA-related projects were not demand-driven.

In **Zambia**, *evaluations and ROMs point to ample consultations with beneficiary authorities and stakeholders in policy dialogue, but that this dialogue has not been guided by integrating trade into domestic policy and issues of coherence.* It was suggested that this was because the regional programmes were seen as the way to address RIT, confirmed in interview with ICPs and the GOZ. The inclusion of trade indicators in GBS, and the existence of a DTIS and the EIF did not lead to enhanced policy dialogue on trade. Interviews suggested that *the EPA may have made it more difficult for constructive engagement on TRA with the European Commission in particular.* EPA has been highly politicised and several interviewees suggested the EU was compromised in supporting TRA relating to negotiations as a result of the negotiations. Training has been provided to support the EPA negotiations, both through the CDPSD, TradeCom and via the COMESA secretariat. The question has been raised of whether it is appropriate for the Commission to provide technical assistance in this area. Overall, the absence of mainstreaming, the politicisation of the EPA and the articulation of requests of the beneficiaries in the area of TRA has not been a strong basis on which to address coherence issues.

Source: country notes, field mission

In **Ghana**, *evidence on TRA coherence discussions being at the centre of policy dialogue with GoG was limited.* NGOs have been accusing the Commission of being incoherent. However these cannot be characterised as a policy dialogue but rather a series of more or less well-founded accusations. With GoG the EPA has been discussed but not much in the context of whether TRA objectives are coherent herewith, despite EPA being an important element in the TRAQUE programme. Overall, coherence has generally been good with especially some of the global programmes (e.g. COLE ACP PIP, Better training for Safer Food and the ACP Fish II Programme on Strengthening Fisheries Management in ACP Countries). These have assisted in gaining market access and were praised for that. However, *the promotion of EPA seems to have limited traction in Ghana and are not viewed as strengthening coherence.* Otherwise most EU demands on safety were viewed as strict but fundamentally legitimate and that efforts were being made to assist in compliance.

Source: field mission

In **Cameroon**, the Commission attended *multi donor meetings where political and policy dialogue were discussed as part of the standing agenda.* Coherence has been maintained in as much as the EU TRA policy is for assisting countries to comply with WTO requirements, and exporter requirements. *There is some inconsistency between the ongoing EPA negotiations and the support provided,* according to some Cameroon stakeholders due to the fact that the EU is supporting the banana industry which has limited future prospects of competing on a global scale.

Source: field mission

3.1.3 I 3.1.3 Evidence of appropriate and effective mechanisms in which economic, social and environmental impact of EU trade policy on developing countries are taken into account

With the exception of Zambia, where the main mechanism for addressing the impact of trade policy and development has been dormant, we found evidence for – in some cases extensive – institutionalised approaches and mechanisms to address the socio-economic, and to a slightly lesser extent, environmental impacts of trade. However, assessments and actions have not always been exclusively directed at EU trade policy but placed socio-economic and environmental factors in broader trade-related contexts.

In **Bangladesh**, *these aspects have been comprehensively addressed in the project “Promotion of Social & Environmental Standards in the Industry” (PSES), which is jointly funded by the EU and GIZ.* BQST addressed the socio-economic conditions of three groups of women targeted in the project: seasonal workers in the processing plants, shrimp farmers and female members of shrimp farming families, and fry collectors. Another component of the project raised the awareness on environmental aspects and by-products utilization through seminars (since 2008) which were help to inform and educate relevant stakeholder on new regulations to control the supply and use of veterinary drugs. BEST included relevant activities in this regard, for example support to the he implementation of the new labour law in the shrimps and fisheries sector and “women in development” in the same sector as well as the promotion of labour standards in

the RMG sector (implemented by GIZ). However, monitoring of the project's impact on environmental and social issues in the case of the support to the fisheries/shrimps industry did not exist.

Source: field mission

In **Egypt**, *the socio-economic impact of EU trade policy was clearly taken into account* most notably in the support to the formulation, negotiation and implementation of the Association Agreement where also social and environmental issues were taken into account. However it has not featured prominently in other interventions.

Source: field mission

In **Uruguay**, *regular meetings were held between EU and the CCT (MERCOSUR) and the OPP (Uruguay), which regularly dealt with these issues*. Several studies carried out under the MERCOSUR SPS project took into account EU trade policy economic impacts in the area of SPS and European retailer private standards.

Source: field mission

In **Cameroon**, *the economic impact of EU trade policy was taken into account in the support to the Banana sector* which was suffering from EU agreements reached with Latin America, where also social and environmental issues were taken into account. It is also taken into account in the design of the PACICC programme which deals with smallholder farmers.

Source: field mission

In **Ghana**, *the TRAQUE design had some elements of impact analysis, but mainly related to EPA, which has not progressed substantially*. The global/APC initiatives have been focussing on adjusting rather than prior impact analysis, but most of these have been effective in this adjustment. *Source: field mission*

In **Zambia**, *the main mechanism for addressing the impact of trade policy and development – the DTIS/ EIF – has been dormant*. The EPA has also provided a framework, though this has become politicised.

Source: field mission

ASEAN: *While none of the projects selected for the ASEAN case study directly addressed social and environmental impacts, other Commission-funded projects in Southeast Asia did to a great extent*. The “Support Programme for the EU FLEGT Action Plan in Asia (FLEGT Asia)” (2008-2012) and the EU SWITCH Asia programme (2010-2014) have addressed issues related to EU trade policy and interests in selected ASEAN member states. FLEGT Asia supported the implementation of the EU Forest Law Enforcement Governance and Trade (FLEGT) Action Plan in Asia by promoting sustainable forest management and the fight against illegal logging in the region. FLEGT tried to ensure that timber exported to the EU comes only from legal sources. FLEGT Asia was directly relevant to EU-ASEAN cooperation because it covers activities in seven out of the ten member states – even though it did not directly involve ASEAN as an organisation in the programming and implementation process. FLEGT was implemented by the Finland-based European Forest Institute (EFI).

SWITCH Asia addresses - inter alia - Green Public Procurement, Cleaner Production, Eco-labelling, and has been implemented in some ASEAN countries. For example, the Jakarta Delegation manages the component “Encouraging and Implementing Sustainable Production and Consumption of Eco-Friendly Batik in Indonesia and Malaysia (2010-2014) which is directed towards, inter alia, the increase in trade of eco-friendly Batik from the participating SMEs

Source: Project fact sheet, Encouraging and Implementing Sustainable Production and Consumption of Eco-Friendly Batik in Indonesia and Malaysia - DCI-ASIE/2009/202-733, project fact sheet Support Programme for the EU FLEGT Action Plan in Asia (FLEGT Asia); field mission

3.2 JC 3.2: Mechanisms in place and effective in ensuring coordination of Commission TRA with EU member states

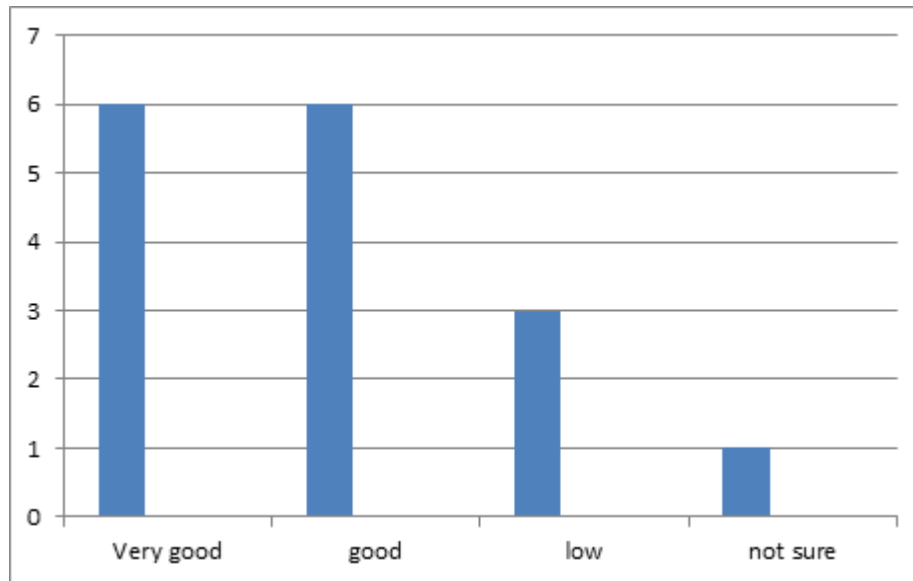
3.2.1 I 3.2.1 Sharing of information and policy analysis on trade between Commission and EU Member States at the level of partner countries

Coordination with EU MS mostly consisted in information sharing at design and implementation stage. Descriptions of other donor's activities including EU MS, have been found in almost all CSPs and RSPs. Most of the time, information sharing between the EU Member States and the Commission took place within coordination groups, such as the EU Development Counsellors Group and in the EU Environment Counsellors Group in *China*, the internal Development Cooperation Group (EUDCG) for *Jordan*, Donor Assistance Group (DAG) including nine thematic subgroups in *Egypt*, fora established by the *MEDA* regional cooperation (ministerial, senior official, and working group levels) and formal coordination meetings recently created for *ASEAN*. Overall, 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 coordination was minimal because few if any EU member states were also involved in TRA.

The EU Delegation are mostly positive about the degree of information sharing EU Members States with 12 out of 16 indicating that "sharing of information and policy analysis on trade with EU Member States" was good or very good in 2010. However, the self-assessment on the "trend related to such sharing of information" is inconclusive. While six delegations stated that information sharing had improved, the same number indicated that it had missioned at the same level. Four delegations were unsure.

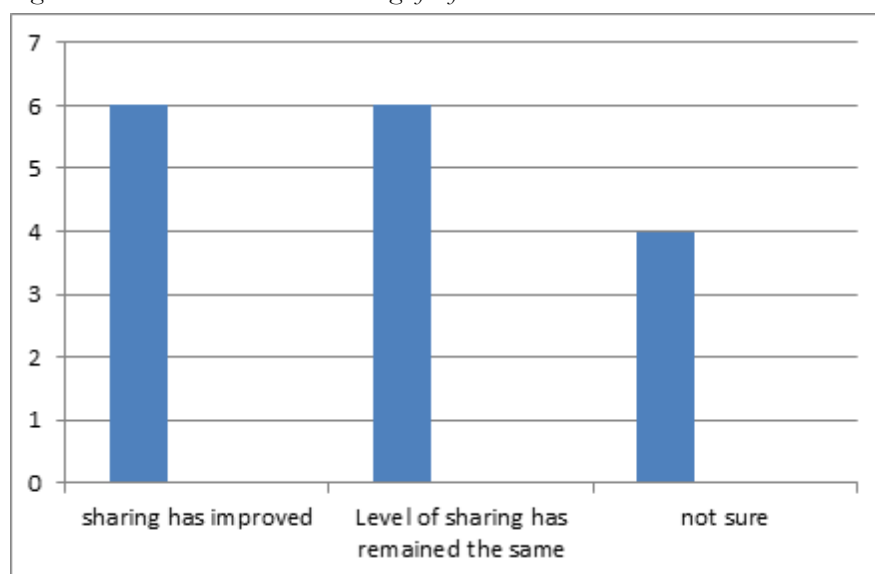
Source: EUD survey

Figure 14 – Sharing of information and policy analysis on trade with EU Member States



Source: EUD survey

Figure 15 - trend related to such sharing of information with EU Member States over the past years up until 2010



Source: EUD survey

A detailed analysis of the CSPs and RSPs shows that descriptions of other donor's activities including EU MS, have been found in almost all cases. The only CSPs/RSPs that do not include such descriptions are Côte d'Ivoire CSP 2004-2007, South Africa CSP 2003-2005, Tunisia CSP 2007-2013 and ASEAN RSP 2008-2013. These descriptions can be detailed and include a donor matrix giving an overview of priority areas and interventions, or be briefer. In a few CSPs, descriptions do not specify any other donor's activities in the area of TRA.

In addition, most CSPs/RSPs mention coordination mechanisms with other EU MS. The proportion of CSP mentioning these coordination mechanisms increased from 51.8% of the CSP/RSP I to 66.6% of CSP/RSP II (Respectively 14 and 18 over 27 CSP reviewed in total). For both periods, CSP/RSPs mentioning donor coordination without specifying which donors have been identified for only four countries.

While the first CSP of **El Salvador** and the second RSP of **CARIFORUM**, mention room for improving donor coordination, in some countries coordination appears to have improved over the evaluation period, as for example in *Paraguay and MEDA*.

Source: CSP/RSP analysis

In **Paraguay** coordination has been improved under the Spanish Presidency. EAMRs state a regular exchange and coordination between the EU Delegation and the EU Member States.

Source: Country fiche

In **Cambodia**, "the Commission's Country Strategy and the NIP, as well as individual projects/programmes, are discussed with EU MS and other donors during their preparation. The Commission is also participating in the working groups established under the CG mechanism and specific working groups following the implementation of sector-wide programmes." The Commission should take a pro-active approach in the working group on the implementation in the trade area (CSP 2002 – 2006).

Source: CSP/RSP analysis

In **MEDA** "whereas effective donor coordination mechanisms have been elaborated and are used in Egypt, WB&GS and Morocco, in the other countries visited by this evaluation it generally proved limited to some exchanges of information both at design and implementation stages, but has recently improved and is increasingly in line with the principles of the Paris Declaration. In budget support interventions coordination between the Commission and Bretton Woods Institutions has been strong, the World Bank and the Commission bringing their own comparative advantages, respectively technical expertise and political credibility. Coordination between the Commission and the EIB also proved rather formal at the

programming stage whereas the EIB, EU MS development agencies and BWI developed closer cooperation at implementation stage.”

Source: Evaluation on MEDA

ASEAN: *Among the EU Member States only Germany is involved in TRA towards ASEAN with two projects. Other MS have not funded such projects at the regional level, involving the ASEAN Secretariat. Regular exchange at project level between the GIZ and EU offices at the ASEC haven taken place on an informal basis including sharing of information and analysis* The German project “Competition Policy and Law in ASEAN (CPL)” (2011-2014) is commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by GIZ. The other GIZ project “Capacity Building for the ASEAN Secretariat (AA)”, commissioned by the German Federal Foreign Office, focuses, inter alia, on support towards the implementation of the ASEAN Economic Community. Regular exchange at project level between the GIZ and EU offices at the ASEC haven taken place on an informal basis including sharing of information and analysis.

Source: Field Mission

In **Bangladesh**, *sharing of information and analysis takes place continuously and in general donor coordination is functioning very well. However, it is difficult to draw an exact line between coordination efforts in relations with EU member states and other donors.* There is a high degree of complementarity between the different donor’s activities, which, however, is also to some extent the result of coincidence rather than strategic planning. According to the views expressed at a donor roundtable organised as part of the field mission (participants included EUD, the Embassies of Germany, Netherlands, Denmark, GIZ, ILO and UNIDO) the Commission provides added value via its function of facilitating donor coordination and providing a platform for exchange, particularly in relations with EU member states. Furthermore, among the EU members states the Commission is seen as a source of knowledge about the partner’s procedures as well as contacts to the partner.

The component “Promotion of Labour Standards in the Ready Made Garment (RMG) Sector of BEST is implemented by GIZ providing an example of good cooperation in a project. UNIDO, GoB and GIZ have formed a joint BEST steering committee to facilitate coordination and cooperation. All stakeholders involved agree that the steering committee has been working efficiently and effectively.

Source: field mission

In **Egypt** *there was (and is) only one major other donor in the field of TRA in Egypt which is USAID.* In terms of member states these have occasionally provided policy analysis and inputs to the development of TRA projects (e.g. GTZ provided the background study to the Spinning and Weaving project). But the final evaluation of the Spinning and Weaving Sector Support project describes that “donors coordination was deficient when designing the SWSSP.” Otherwise the Commission has shared information with MSs and this seems to have been commensurate with MSs’ demand. Donor cooperation had been assessed as good with other donors (including MS) in the food sector and in R&D, especially during implementation. Generally there has been no need to establish overly complex sharing mechanisms with potentially high transaction costs, and hence the current level is deemed adequate, as the Delegation is also self-reporting in the survey.

Source: field mission; final evaluation of the Spinning and Weaving Sector Support Project

In **Uruguay**, *there was (and is) only one major other donor in the field of TRA which was AECID (Spain).* In the past the Italian and Germans have provided some assistance, but in areas not related to TRA. Otherwise the Commission has shared information with MSs and this seems to have been sufficient.

Source: field mission

In **Ghana** *there had been no EU specific agreements in the evaluation period. There are forums for sharing information and policy analysis between the Commission and other DPs including the EU MSs.* Recently a joint EU Trade and Economic Counsellors group has been established to improve coordination on general trade and economic issues at EU level, but it has become effective outside the evaluation period.

Source: field mission

In **COMESA**, *complementarity between the Commission and EU MS seems relatively evident*. Furthermore, in the Regional Integration and Trade sector, there is some mutual support between the Commission supported RISP and the interventions of other EU members.

Source: regional organisation fiche

In **Zambia**, *the Commission has shared information with MSs and this seems to have been commensurate with MSs' demand*.

Source: field mission

In **Cameroon**, *coordination was carried out at the GEC meetings, as well as in bilateral meetings*. The NAO and representatives from EU MS exchanged regularly regarding the development of the CSP and the identification of priority sectors (including competitiveness and trade facilitation).

Source: field mission

In **Ghana**, *regular meetings with MS about EPAs took place*. In Cameroon, the NAO and representatives from EU MS exchanged regularly regarding the development of the CSP and the identification of priority sectors (including competitiveness and trade facilitation).

Source: field mission

3.2.2 I 3.2.2 Evidence of synergies between Commission's and EU Member States' TRA and added value of Commission's TRA

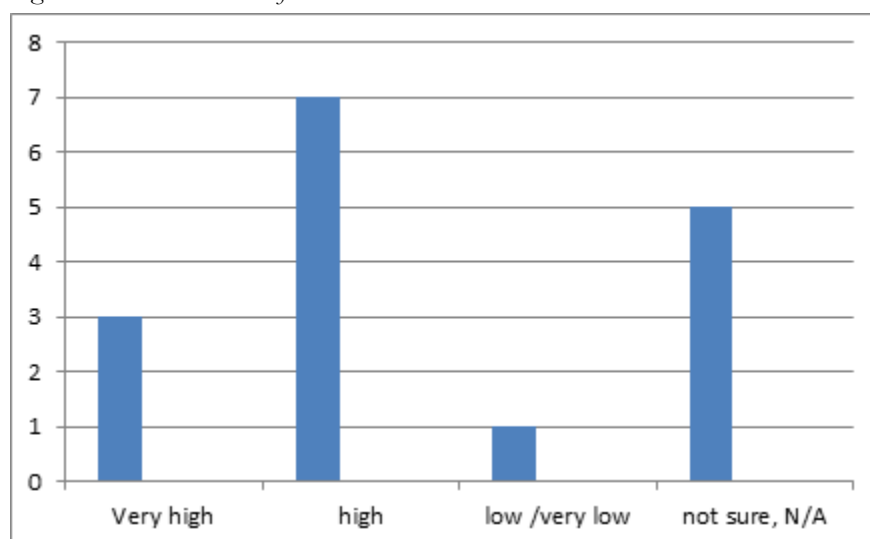
Overall there is stronger evidence for value added of the Commission's TRA than for synergies between Commission's and EU MS' TRA. In most cases synergies were minimal or limited. The following value added and synergies will be discussed separately, beginning with the former.

Most of the time, Commission leadership and value added came naturally from its place as a large donor. Often the main comparative advantage noted by MS, government and beneficiaries has been the scale of funding. In other cases, however (for example Tanzania), the Commission *has been seen as a legitimate player without paying an "entry price" in the form of substantial financial support. The specific EU know-how in regional integration and the weight of this area of intervention in the EU development strategies have allowed the Commission to run important support programme to regional integration in the case of ASEAN and COMESA. Other areas where the Commission is seen as having specific advantages are SPS/TBT. In several countries and regions (for example ASEAN, Egypt, Bangladesh, Cameroon and Uruguay) the EU was perceived as being of high integrity in this field.*

It is useful to look at the result of the survey among EU Delegations. Nine rated the value added of Commission's TRA as high or very high (China, India, Russian Federation). Only one (Cameroon) stated that value added was "very low" but no explanation was given. In Cameroon, *only France is intervening in the banana sector. It supports the CARBAP and thereby contributes to the ATF 2007 activities*. The NAO as well as representatives from EU member states exchanged regularly regarding the development of the CSP and the identification of priority sectors (including competitiveness and trade facilitation).

Source: field mission

Figure 16 – Value added of Commission's TRA



Source: EUD survey

The positive self-perception on the value added of the EU's TRA corresponds with the findings of most field missions where, by and large, MS stakeholders confirmed the survey results. Evidence could also be found in CSP evaluations and other documents. Added value of Commission's TRA has been identified in the following countries:

In **Egypt**, generally MSs respects that the Commission has provided added value in the area of TRA, whereas other MSs focus on more direct support to e.g. private sector development and business to business programmes. The Commission has been recognised by both MS and government to have specific advantage in assisting in especially the Association Agreement, which no other development partner was better suited to do. There has been no mention of potential conflict of interest between TRA to the negotiation and implementation of the AA, and the fact that EU and Egypt at times may have diverging interests. Commission's TRA is seen as being of high integrity and Commission as a development partner is trusted to support Egypt's priorities fully. Also, in supporting SPS/TBT the Commission has been seen as having specific advantages. The Commission could have done more to utilise its specific advantage as there were times of expressed demand by GoE for more support in e.g. trade facilitation.

Source: country fiche, field mission

In **Zambia**, the main comparative advantage noted by MS, government and beneficiaries has been scale of funding. This has enabled the CBPSD to address a wide range of issues and support a wide range of institutions. However, given the interventions were not based on a thorough strategic and situational analysis and because there was no attempt to work across the different areas of interventions (e.g. work by the Investment Promotion Agency that identified barriers to investment were not incorporated in policy dialogue support) it is questionable whether the programme's impact as a whole was significantly greater than the sum of its parts.

With regards to often mentioned comparative advantage of the Commission in trade, it was questioned by some interviewees whether the EPA had actually compromised direct Commission national support in trade negotiations in support of the EPA (TradeCom and support via COMESA was welcomed). Furthermore, one beneficiary contrasted their current partner - with strong technical competence in the specific area which is able to technical leadership and quickly identify needs and expertise – with the support that had previously been provided under the CBPSD. The latter programme took a long time to provide needs assessment and did not always provide TA of a suitable quality. A further issue raised was that assistance provided by the Member States was more flexible, better able to provide capacity building because they had a greater technical capacity in house, and provided greater certainty in terms of what could be provided, by whom and when.

Source: field mission

In **Uruguay**, the Commission has been recognised by MERCOSUR in having specific advantage in assisting in harmonisation of SPS/TBT matters, as well as other areas outside TRA such as territorial cohesion, taxation systems reform and scientific cooperation.

Source: field mission

The evaluation for **Central America** stated that the Commission has been presented as an important partner, coherent and consistent, that has put significant resources in its areas of competence including TRA.

Source: summary of evaluations report

The evaluation for **West Africa** stated that the Commission is a loyal and generous partner, trying to introduce elements of flexibility in its control systems;

Source: summary of evaluations report

In **Cameroon**, the PASAPE is in coherence with other ACP-wide and regional programmes regarding sanitary standards and Commission is the largest donor in this sector in Central Africa. Overall, the EUD has used its specific advantage in SPS Technical Assistance well, ceding management of Customs and technical Quality Infrastructure areas to experts in the UN bodies

Source: country fiche, field mission

In **Bangladesh**, “As a matter of competency and of relative expertise, MS favour Commission increased efforts in trade and economic co-operation both at regional and country level.” (CSP 2002-2006). The TAP of the Trade Policy Support Programme (TPSP) states that the number of donors active in the field of trade is limited and that Commissions activities regarding the regulatory aspects of the Export Promotion Bureau (EPB) are unique.

Source: country fiche, CSP/RSP analysis, field missions

In **Côte d’Ivoire**, TRA seemed to focus on areas in which the Commission had a special technical advantage taking into consideration of complementary advantages of other DPs.

Source: field mission

In **China**, the specific added value of the EU as the authority with Trade competence within EU MS has been highlighted in the FA of the “Support to China’s Sustainable Trade and Investment System”. (country strategy evaluation)

Source: country fiche

The CSP for **Tanzania** clearly formulates reasons for Commission’s support in the area of TRA. Donors within the Development Partner Group have committed themselves to a rational Division of Labour based on the relative strengths of different partners. In this framework, trade has been identified for the Commission as a focal area where its support adds the greatest value to the contributions of other development partners. Commission appears to have a comparative advantage without bringing substantial financial support. Trade and regional integration are an example where the Commission has been seen as a legitimate player without paying an “entry price” in the form of substantial financial support, and where significant political steps have been taken without any progress-related approach.

Source: Tanzania CSP 2008-2013

In **Vietnam**, since the Commission is the largest donor in the area of trade-related assistance in Vietnam, naturally Commission is also playing a coordinating role to reflect the Commission’s leadership and value added. the Commission trade-related assistance under MUTRAP is coherent with the Vietnam-European Strategy Paper 2007- 2013 and also shows the Commission value-added in comparison with other EU member states and other donors. The Commission was able to maximize the potential benefits in the area and to establish a strong correlation and coherence between the Commission’s work in development cooperation and the Commission’s leadership in the global trade system.”

Source: CSE Vietnam

In **Ghana**, some MSs (e.g. DK) respect that the Commission has provided added value in the area of TRA, whereas other MSs focus on more direct support to e.g. private sector development and business to business programmes.

Source: country fiche, field mission

Reasons for Commission added value in the TRA area have been highlighted in the case of ASEAN and COMESA:

The Evaluation of Commission co-operation with ASEAN states that “*The Commission was able to offer specific experience and, by, exploiting its comparative advantage in the area of economic integration, added value.* The close integration of APRIS consultancy and technical studies into the ASEAN Secretariat work agenda is adequate evidence of the relevance of the work to the ASEAN Secretariat’s needs.” Furthermore, “the Commission has the comparative advantage relative to other donors at the ASEC in terms of APRIS’ and the regional projects’ ability to draw on the experiences and lessons learned through the European integration process.” Interviewees almost unanimously confirmed this assessment: The Commission is seen as the most relevant and trusted partner in the area of economic integration. Given the EU’s long history of forming an economic community, projects related to regional integration and TRA in general enjoy an especially high degree of legitimacy in the eyes of ASEAN stakeholders (Evaluation of Commission co-operation with ASEAN, 2008)

Source: regional organisation fiche

For **COMESA**, regional integration and trade are mentioned as areas where Commission can contribute added value, given its institutional mandate on trade, its regional know-how and the importance of its regional programme envelopes.

Commission added value in regional integration and trade: The example of COMESA

Commission ‘added value’ contribution at regional level is relatively evident, given its **institutional mandate on trade, its regional know-how** (few MS have regional strategies in place) **and the importance of its regional programme envelopes.**

(...) With respect to the **value added of the Commission intervention**, this is particularly evident and relevant to the Commission specific mandates and capacities. In the ESA-IO programme, the importance of the Commission value added has been prominent under different respects:

- i) the specific **EU know-how** in regional integration and the weight of this area of intervention in the EU development strategies have allowed the Commission to run the most important support programme to regional integration in this, as in other parts, of Africa;
- ii) the **Commission mandate and responsibilities on trade** have allowed the Commission to lead the EPA negotiation process and to qualify as the most important partner for trade liberalisation and market integration in the region.

Source: COMESA RSE p. 24-28

Evidence for synergies between the Commission’s and EU Member States’ TRA is less prominent than for value added and in many cases, with the notable exception was ASEAN, direct and explicit synergies only exist in limited cases, if at all.

In Egypt, there have been anecdotal synergies e.g. in TEP A where there has been a good co-operation between export promotion component and the GTZ project related to the support of the food sector in Egypt (see Final Evaluation – January 2008). Also in the RDI project Commission coordinated with other funding and networking schemes such as DAAB for Germany and the British Council, which helped develop synergies

However there is generally limited direct/explicitly designed synergies between the Commission’s TRA and support of the MSs, but this is also because no others are in the TRA sector. Most accept that the Commission probably provides added value in TRA although knowledge hereof seems limited.

Source: field mission

According to the evaluation on **Central Africa**, *the consideration of the 3C in the regional strategy of the Commission in Central Africa is not satisfactory.*

Source: summary of evaluations report

According to the evaluation on **West Africa**, *“the performance of systems of coordination between Member States of EU and Commission was considered minimal (...) The Commission has not set up specific mechanisms to manage the coordination of donor members of the European Union. Finally, it is impossible to observe the results of efforts by the Commission to better manage the division of responsibilities specified in the communication on this subject dated February 28, 2007.”*

Source: Evaluation on West Africa

According to the evaluation of **TradeCom**, *“strategic linkages between TradeCom and the interventions of EU Member States were confined to one-off mutually beneficial opportunities where 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. Finally, it was not possible to determine the degree of duplication of EU Member State programmes with those of the Commission in this area, partly because a) there was limited information to be found on this subject and b) the information that was available was presented in the context of Member State contributions to higher (meso-level) AFT agenda.”*

Source: Evaluation of TradeCom

In **Zambia**, *there is generally limited direct/explicitly designed synergies between the Commission’s TRA and support of the MSs, because MSs involvement is in PSD not directly TRA. Whether the Commission provides added value is a concern as the EPA may have politicised some aspects of TRA.*

Source: field mission

In Ghana, the PSTEP was meant to provide synergies to the rest of the PSDS programme (which MSs also supported) but the outcome was disappointing. Other than that there is no evidence of directly sought synergies in TRA. The design of TRAQUE had more focus on core TRA areas where the Commission may have advantages over other development partners, although it is not evident that e.g. UNIDO and Switzerland are less suited in this areas (they have also supported testing and standards bodies). The CSSP is not particularly focussed on Commission comparative advantages (cocoa production) but the Commission contracted an organisation that does have such (IITA).

Source: field mission

In **Uruguay**, *there is generally limited direct/explicitly designed synergies between the Commission’s TRA and support of the MSs, mainly because no MS are involved in the TRA sector. At MERCOSUR level, AECID has designed its “productive integration” programme to promote regional SME and cooperatives integration, however there is no overlap with any of the EU programmes.*

Source: CSE Uruguay

However, in **ASEAN**, *there is clear evidence of synergies (and complementarity) between the Commission projects (mainly APRIS and the EC-ASEAN Statistical Capacity Building Programme/EASCBP) and the GIZ-implemented interventions. Generally GIZ concentrates on issues that are not (fully) covered by the Commission projects, e.g. competition policy. Synergies particularly exist with regard to ASEAN’s Research Information & Statistical Division (ASEANStats), funded mainly by the Commission (EASCBP), and the related ASEAN Integration Monitoring Office (AIMO), which is supported to large extents through the GIZ capacity building project.*

ASEANStats, the statistical service of ASEAN modelled on EUROSTAT (as a much smaller version though), focuses on the development of regional indicators, data frameworks and systems for monitoring ASEAN Community goals and initiatives and more specifically

- the compilation, consolidation, dissemination and communication of statistical information about ASEAN and its Member States;

- the provision of statistical services to the ASEAN Secretariat, ASEAN bodies and all ASEAN stakeholders;
- the harmonisation of ASEAN statistics – standardization and documentation of concepts, definitions, classifications and approaches; and
- the initiation, coordination and facilitation of regional programs within the ASEAN Framework of Cooperation in Statistics
- and Plan of Action in Statistics, with guidance from the ASEAN Heads of Statistical Offices Meeting (AHSOM).

AIMO was the initiative by ASEAN Finance Ministers to enhance the monitoring capacity of the Secretariat in tracking the progress of regional economic integration. AIMO takes the lead in various aspects of the enhanced ASEAN Surveillance Process, including

- regular monitoring of developments in individual ASEAN, regional and global economies to support the monitoring of regional economic integration;
- maintaining a surveillance database;
- developing and implementing surveillance models and monitoring tools;
- conducting independent research and assessments, preparing policy and issues papers, and facilitating regional discussions on regional macroeconomic and financial issues, and economic integration issues;
- assessing the state of financial integration in ASEAN, including periodic monitoring of various initiatives related to regional integration of financial markets.

Source: field mission

Coordination, complementarity and the creation of synergies in TradeCom

The **Final Evaluation of the TradeCom Facility** sheds some additional light on the state of coordination, complementarity and the creation of synergies but, on balance, seems overly critical. While the TradeCom evaluation did not find evidence of coordination among TRA interventions (see below), the examples mentioned under this and other indicators provide some evidence that coordination has taken place and, in some instances, synergies were achieved.

“TradeCom served as a dynamic “instigator” for ACP States and regions to pursue trade development objectives embedded in the Cotonou Agreement. However, a mandate to enhance complementarity was not articulated in the TradeCom FA, service contracts or contribution agreements. Nevertheless, there was reasonable evidence that other donors were doing similar things, mostly autonomously. ...No structure exists to ensure complementarity with other donor programmes although ad hoc coordination and participation is a regular feature of TradeCom interventions. But by strengthening regional and national capacity, the Programme has clearly made a significant contribution to development policy objectives and its activities are aligned with evolving EU strategies, although there was no direct contribution to the preparation of the RIPs and NIPs in the regions. Strategic linkages between TradeCom and the interventions of EU Member States were confined to one-off mutually beneficial opportunities where 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. ...

TradeCom is closely aligned with the interventions and commitments of EU Member States because it is a programmatic product of the EU’s AFT Strategy. Also, the EU ensures that there is significant information sharing amongst Member States on planned and actual support programmes at regional and country (ACP) levels. ...

Overall, although some EU member States (e.g. Germany, the Netherlands and the UK) are actively involved in trade-related TA, there is no specific evidence of coordination of TRA-type interventions.”

Source: Final Evaluation of the TradeCom Facility, 2010.

3.2.3 I 3.2.3 Commission contributed to establishing coordinated EU positions on trade issues

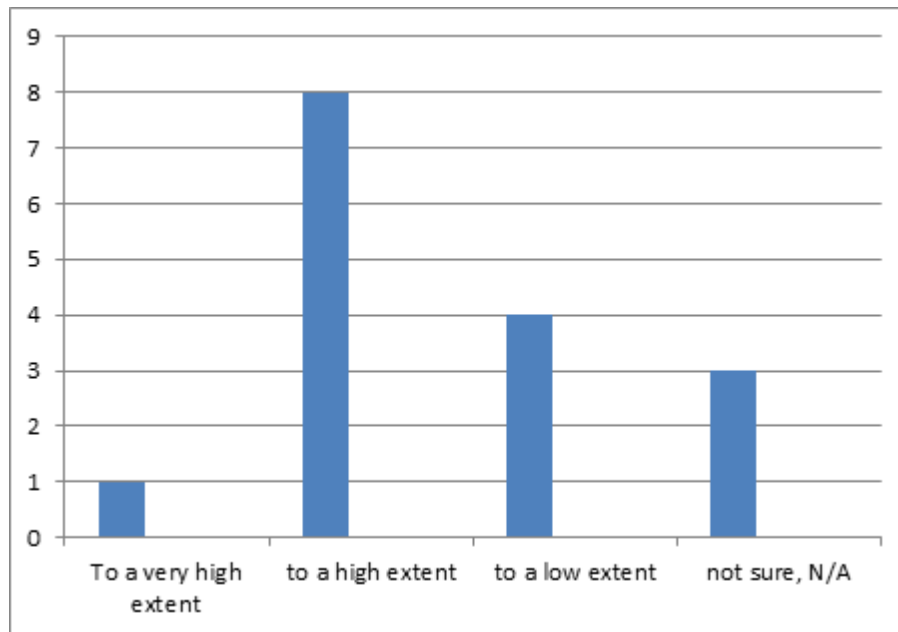
On the basis of interviews with EU Delegations, Member States Embassies and other relevant stakeholders conducted during the field stays, and taking into account the survey of the EU delegations, it can be concluded that in many countries, which were considered as part of evaluation, the Commission contributed to establishing coordinated EU positions on trade issues

by contributing to elaborate joint strategies and reviews in this area. However, particularly in African countries coordinated EU positions on TRA were either not explicitly included on the agenda of joint forums or missing in cases where EU member states were not or only marginally involved in TRA (ASEAN, Cameroon, Ghana, Uruguay, Zambia) and consequently there was no need for coordination. Hence, while there is clear evidence that the Commission did contribute to coordination, the picture nevertheless remains patchy. The challenge is that coordination does not manifest itself in robust data but can only be assessed on the basis of soft evidence, including surveys and interviews.

According to the survey of the EU Delegations: most Delegations (9 out of 16) rated the status quo of the Commission's contribution to coordinated EU positions are high or very high (India).

Source: EUD survey

Figure 17 – Commission's contribution to establishing a coordinated position with EU Member States on TRA



Source: EUD survey

In **Bangladesh** coordination among EU MS and Commission Delegation has improved thanks to organisation of more regular meetings and initiative in view of a joint strategy. In 2008 EU Member States and the EUD were exploring possibilities for better DoL (EAMR). “Whereas Work towards a Joint Cooperation Strategy, planned for 2010 is progressing, work on Division of Labour, to which Commission and EU MSS have committed themselves by signing up to the EU Code of Conduct for Complementarity and Division of Labour will now need to be intensified in order to produce tangible results. EU partners have begun to informally explore possibilities for better DoL in the health and education sectors”.

Overall, during the last years the EU has had a leading role regarding the trade and TRA agenda in Bangladesh. The Commission leads the sub-group for trade-related issues in the Local Consultative Group (LCG). The LCG is meant to identify complementarities with other donors' activities.

Source: country fiche, field mission

In **Ghana**, the coordination of implementation of assistance programmes between the Commission and EU MS is ensured through bi-monthly meetings of the EU Development Counsellors in Accra and joint projects with MS are encouraged. In addition, joint reviews with DANIDA, GTZ, KfW in relation to PSD and trade have been mentioned.

Source: country fiche

In **Ukraine**, co-ordination has been reinforced. MS were closely associated in the NAP and in all IPs and CSPs. The EU MS also take part in sector WGs and entitled the Commission to represent them in the Coordinating committee. Furthermore, the EUD has initiated the creation of a common database for the Commission and the EU

MS, which will encompass mapping of EU activities in Ukraine according to the EU-UA Action Plan. The aim, in the longer perspective, is harmonisation and coordination of Commission and EU MS activities in terms of joint programming and joint financing.

Source: country fiche

In the case of **China**, the Commission elaborated its strategy according to other donors' interventions in the Trade area and adopted a coordinated EU position on trade issues. During the programming stage of the Commission intervention "Support to China's Sustainable Trade and Investment System, the review of the identification fiche shows, that Commission has analysed the donor landscape and positioned its own TRA intervention accordingly". The FA designed the Support to China's Sustainable Trade and Investment System so that "the new trade project can provide technical assistance from a European perspective" and break with the TRA support of EU Ms, that tackle issues according to their own country experiences and governance approaches. It should be noted that it was difficult to distinguish between assessments of Commission coordination with EU member states and non EU member states.

Source: CSE China

In **Egypt**, EU Trade counsellors meet frequently to discuss trade issues, but TRA is rarely discussed. Development counsellors also meet regularly but given that no other MS is providing TRA there has been no focus on this issue as there has been limited demand for a common position with the Commission being accepted as the lead EU agency in TRA.

Source: field mission

In **Zambia**, EU Trade counsellors meet frequently to discuss trade issues, but TRA is rarely discussed. There has been limited demand for a common position with the Commission being accepted as the lead EU agency in TRA.

Source: field mission

In **Ghana**, TRA is rarely discussed among EU member states and the Commission. Development counsellors meet regularly but given that no other MS is providing 'core' TRA there has been no focus on this issue as there has been limited demand for a common position with the Commission being accepted as the lead EU agency in TRA.

Source: field mission

In **ASEAN**, there is no pressing need for a coordinated EU position on trade issues vis-à-vis ASEAN given the lack of MS involvement at the regional level. The situation is different with regard to individual AMS but this is not the focus of the ASEAN case study of the TRA evaluation.

Source: field mission

In **Uruguay**, as there are no programmes directly linked with TRA from other Member States at both Uruguay and MERCOSUR level, there is no need for a coordination role.

Source: field mission

In **Cameroon**, EUD and MS are in different areas therefore no real opportunity for establishing coordinated positions.

Source: field mission

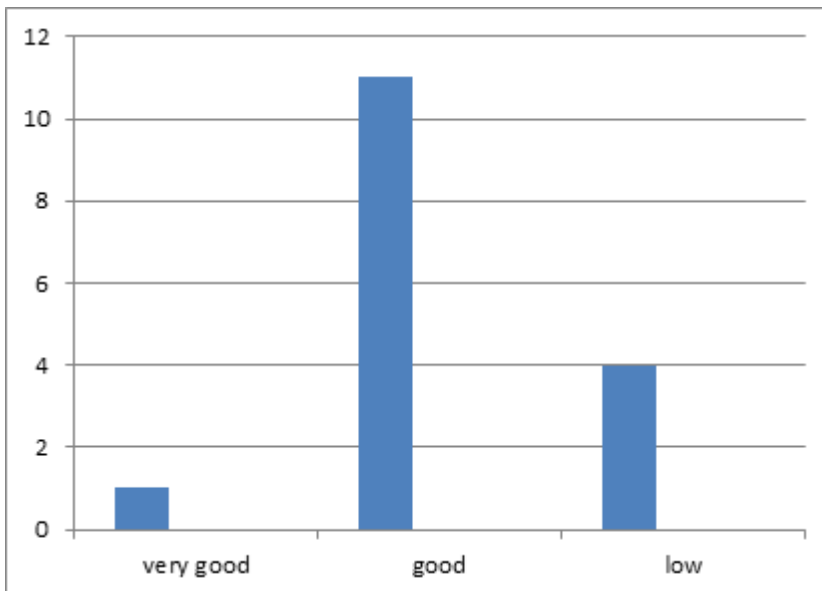
3.3 JC 3.3: Mechanisms in place and effective in ensuring coordination of Commission TRA with other development partners

3.3.1 I 3.3.1 Sharing of information and policy analysis on trade between Commission and other development partners at the level of partner countries

Sharing of information and analysis between the Commission and development partners other than EU member states increased during the evaluation period. The proportion of CSP/RSP mentioning coordination mechanisms with other donors increased from 40.7% in the first period to 55.5% in the second period (Respectively 11 and 15 out of 27 CSP reviewed in total). For both periods, CSP/RSPs mentioning donor coordination without specifying which donors were identified for only four countries.

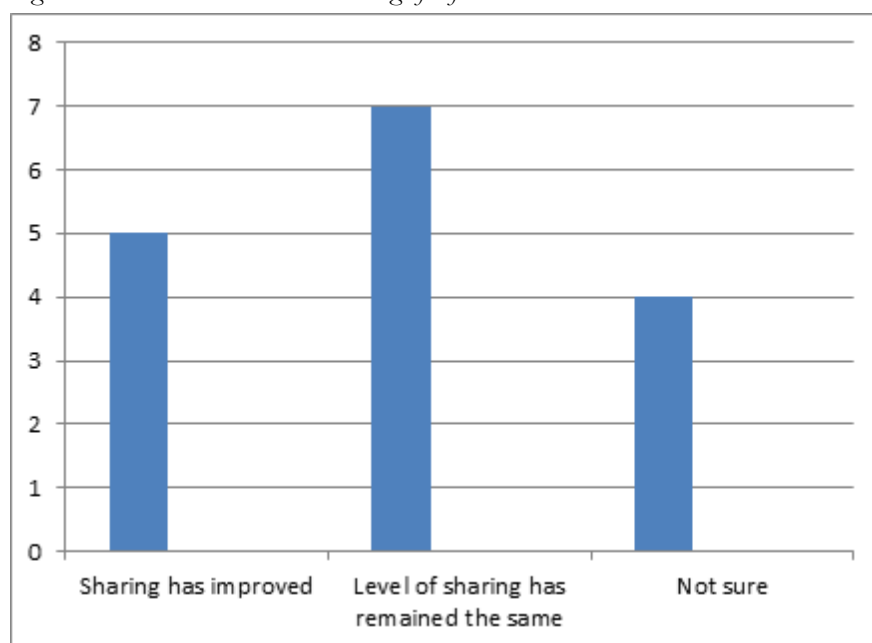
The surveyed EU Delegations overwhelmingly rate the “the sharing of information and policy analysis on trade with other donor agencies” as good. One (India) even stated that information sharing was very good, while four (Ghana, Cambodia, Paraguay, El Salvador) said it was low. 5 Delegations believed that information sharing had improved while the others thought that it had remained at the same level or they were not sure.

Figure 18 - sharing of information and policy analysis on trade with other donor agencies (i.e. non EU Member States) in 2010



Source: EUD survey

Figure 19 - trend related to such sharing of information with EU Member States over the past years up until 2010



Source: EUD survey

Structures of coordination mechanisms vary from informal (e.g. Central Africa, TradeCom) to organised donor committees where the Commission takes a prominent role (as for instance in ASEAN, Bangladesh and Cameroon). In most countries, at programme/project level information exchange aimed at avoiding overlapping; such coordination took place during identification and implementation phase – also on an ad hoc basis in some instances.

In ASEAN “the Commission engaged in “exchanges of views” with other donors and its strategic planning documents incorporate basic concerns regarding other actors. The coordination of activities with other donors (USAID, AusAid, GTZ, JICA and InWEnt) has taken place informally. Formal coordination meetings held monthly and chaired by the Commission Delegation in Jakarta commenced recently.” (Evaluation of Commission co-operation with ASEAN)

Source: regional organisation fiche

In Bangladesh, Findings of projects and studies are shared among donors. A good example is Katalyst, a jointly-funded programme of the Swiss Agency for Development and Cooperation (SDC), the UK Government, the Canadian International Development Agency (CIDA) and the Embassy of the Kingdom of the Netherlands (EKN). It is implemented under the Ministry of Commerce (MoC) of the Government of Bangladesh by Swisscontact and GIZ. Studies produced and funded by KATLYST have also been used by other donors. The most prominent case is the study “Developing a Framework for the Comprehensive Trade Policy of Bangladesh”, which was conducted by the private think tank Centre for Policy Dialogue (CPD) and Katalyst and now forms the basis for the elaboration of the comprehensive trade policy framework as supported by TPSP.

Overall, regular meetings with other donors were initiated in order to exchange information, avoid overlap with other donors’ activities and share lessons learnt, in the framework of the Small Projects Facility and the Bangladesh Trade Support Programme (BTSP). On the other hand, the Trade Policy Support Programme (TPSP) and the BEST-programme build on information sharing with other donors in the donors’ Local Consultative Group (LCG) where the Commission is in the lead for trade-related issues. The LCG is meant to identify complementarities with other donors’ activities.

Source: field mission; http://www.cpd.org.bd/downloads/Draft_Trade_Policy_Framework.pdf;

In **Egypt** the Commission has shared its TRA information and policy with all main development partners, not least USAID, thus ensuring coordination at this level. Moreover both the Commission's and USAID's support to customs (e.g. TEP C) shared the same analytical underpinnings as they were both based on an IMF study and blueprint for custom reforms. Also there was good information sharing in other areas of the TEP programmes which avoided duplication between the Commission and USAID (based on e.g. interviews with USAID staff). In the RDI programme, donor coordination was one of the core motivations of the project. In particular, the "focal points", which gave Egyptian scientist a better view of the whole array of available research funding and, even more critically, increase the networking between European and Egyptian projects and persons. This was thus incorporated into the design of the programme. Overall, Inter donor co-operation avoided duplication of activities, and even ensured some complementarities and synergies with other donors' activities.

Source: country fiche, field mission

In **Ghana**, the Commission is a member of private sector development working group which comprised all the main development partners and GoG. It has participated in most meetings where there is sharing of information both informally and formally. However both the Commission (survey & interviews) and other DPs (interviews) expressed that that the level sharing was low and GoG did not provide leadership in enforcing better coordination. Again there thus seems to have been a deterioration since the start of the evaluation period when more donors used pooled/SBS mechanisms under the PSDS which in turn provided the framework for coordination and sharing of information. With fragmentation of TRA/PS interventions has also come less sharing.

Source: field mission

In **Cameroon** coordination is done at the GEC meetings and the multi-partner committee meetings. The PASAPE Steering Committee is explicitly open to other donors intervening in the sector. This committee has a specific group for trade and private sector development. In addition, the EUD is in the lead for the trade sub-group. However, coordination remains on a formal level and targets mainly strategic decisions and less operational issues. Overall, donor coordination is well considered in the project design. However, the Steering Committee has met only once in two years.

Source: country fiche, field mission

In **Uruguay** the Commission has been able to establish transparent and well-functioning links with both MERCOSUR and Uruguay cooperation offices. Both of these openly share their policies and information on development on their websites. Meetings take place regularly with both partners, as well as with AECID and other EU Member State representatives.

Source: field mission

In **Paraguay**, during the implementation of FOCOSEP, sharing of information on programme plans and progress with other interventions was delegated as a responsibility to the beneficiary and the Steering Committee (country strategy evaluation).

Source: country fiche

In **Vietnam**, coordination and complementarities between MUTRAP II and III as well as other Commission TRTA interventions with those of other donors has been assessed as good. Especially during the design of a programme, efforts from Commission and donors were put to avoid duplications (country strategy evaluation).

Source: country fiche

In **Ukraine**, the projects under review draw on past experience and on-going projects. They are complementary with projects funded by other donors and activities are coordinated to avoid duplication (country strategy evaluation).

Source: country fiche

In **China**, the *Support to China's Sustainable Trade and Investment System* aims at sharing information in regular coordination group such as the “Trade Councillors meeting” held at the EUD or the Agriculture councillors meeting (country strategy evaluation).

Source: country fiche

Coordination mechanisms between the Commission TRA and development partners among non EU member states with TRA programmes have been either lacking or are limited particularly in parts of Africa.

This has been underlined in **West Africa**, at the level of the regional organisations, coordination mechanism were inadequate, even if it is one of the most important donors in the region and most important with regard to regional support.

Source: *European Court of Auditors, Special Report No 18/2009 — Effectiveness of EDF support for Regional Economic Integration in East Africa and West Africa*

The evaluation on **Central Africa** stated that the consideration of the 3C in the Commission regional strategy is not satisfactory. Coordination between EU donors and others is mostly informal and does not correspond to the standards set in the Maastricht Declaration on 3C's or the Paris Declaration on harmonisation, alignment and coordination.

Source: *Summary of evaluations report*

In **Côte d'Ivoire**, evidence of information sharing and functioning coordination mechanisms with other DPs is limited. “Ad-hoc-coordination” is the most appropriate term for past coordination practice in the country. Technical coordination with other development organisations involved in EU-supported TRA seemed to be limited and left to national partners respectively to technical assistance recruited under the project. EAMRs from 2010 state that there is good sectoral coordination for Trade-related support in the framework of the PACIR programme. According to Paris declaration, the identification of activities within the expected result n°3, has been coordinated with the World Customs Organisation, as well as the IMF, the UNCTAD and the UNIDO.

Source: country fiche, field mission

In **Zambia**, the dormancy of the DTIS/EIF process is yet again a challenge. All interviewees noted that there was not shared policy analysis of trade issues. In the framework of EDP, good working relationships with other donor-funded TRA were established and a network of donors active at the regional level was established to support implementation of Aid for Trade commitment.

Source: field mission

Complementarity of TradeCom

According to **the evaluation on TradeCom**, “no structure exists to ensure complementarity with other donor programmes although ad hoc coordination and participation is a regular feature of TradeCom interventions.”

At the same time, however, “the PMU regularly consulted donors like DFID, UNCTAD, GTZ, the World Bank, the WTO, WIPO, ITC, ILEAP and others while preparing projects for submission to the Validation Committee, primarily to avoid duplication of efforts and resources. Also, there was high level of complementarity with country and regional organization policies through H&S programmatic assimilation via RTPA, TPA, RC and NC work plan development and implementation.”

Source: Final Evaluation of the TradeCom Facility, 2010

3.3.2 I 3.3.2 Evidence of functioning coordination mechanisms between development partners (DPs) and government incl. types, roles, participants, frequencies, chair, etc. at both national and regional level

Evidence of functioning formally institutionalised coordination mechanisms between development partners and government has been found across regions and is present – to varied degrees – in all countries and with regard to regional organisations. In the majority of cases coordination meetings take place regularly and frequently. It is usual procedure that the respective national governments formally 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 member states. For example, in the case of the ASEAN donor coordination meetings are chaired by the EU Delegation in Jakarta.

In **ASEAN** *Coordination of activities with other donors (USAID, AusAid, GTZ, JICA and InWEnt) has taken place informally for many years. Formal coordination meetings held monthly and chaired by the Commission Delegation in Jakarta have taken place since 2008.* Generally, however, all donors have their own individual approaches to coordination and there is no harmonisation or even streamlining of the different mechanisms.

According to both ASEAN and EU stakeholders, over the past approximately six years ASEC has become markedly more pro-active in coordinating donor-funded interventions at the regional level. ASEANStats has been a test case for a formal approach to coordination: working groups on statistics, involving all DPs, ASEC and AMS, meet regularly to coordinate programme- and project activities (a similar approach exist in non-trade sectors, most prominently human rights).

However, there are no meetings bringing together all relevant stakeholders – Delegation, ASEC, consultants - involved in the implementation of a project. The Delegation would welcome such “all in” approaches to coordination at least in key thematic areas such as customs.

Source: field mission

In **Bangladesh**, *donor-government coordination, in which the Commission takes a leadership role, is well developed.* The development of a Joint Cooperation Strategy is the result of the coordination between donors and the government. Furthermore, in the framework of BEST a steering committee was established that is composed of both government representatives from Ministries of Commerce, Textile and Jute and Industry and the implementing development partners (UNIDO & GIZ).

The LCG meeting is an institutionalized coordination mechanism used by all donors to regularly exchange about their activities and developments in the area of TRA. There are even thematic sub-groups on a working group level. The institutionalised formal coordination via the LCG has also fostered informal coordination and exchange between the donors.

All donors met during the field mission stated that coordination had improved over the course of the last years.

Source: country notes, field mission

In **Cambodia**, *the Royal Government of Cambodia (RGC) has created a Steering Committee for Private Sector Development and three Sub-Committees: the Sub-Committee on Investment Climate and Private Participation in Infrastructure (PPI); the Sub-Committee on Trade Facilitation and the Sub-Committee on SMEs.*

Source: CSP/RSP analysis

In **Vietnam**, *coordination among donors has been facilitated by the Hanoi Core Statement on Aid Effectiveness, Ownership, Harmonisation, Alignment, Results.* This key development policy statement, adopted by the GoV and development partners in 2005, requires (among other things) donors to rationalise their systems and procedures by implementing common arrangements for planning, design, implementation, and reporting to the GoV on donor activities and aid flows.

Source: country fiche

In **Ukraine**, *all donors and IFIs are co-ordinated via the Donor-Government Working Group established and run by the Ukrainian Ministry of Economy in line with the Paris Declaration on Aid Effectiveness: “Ukraine has recently established*

a framework for government-led donor coordination. This mechanism includes a Trade-related assistance group (Thematic group A1), led by the Government with support of the Commission as “lead donor”. Frequent working contacts between the Commission Delegation and the WB and the IFC; USAID; UNDP and smaller donors involved provide a certain degree of cohesion and coordination of efforts.”

Source: country fiche

In **Egypt**, USAID and Commission have had a generally constructive level of coordination between them, but both have assumed that GoE would undertake overall coordination in the relevant sectors (e.g. customs). However this did not always materialize. Instead bilateral coordination emerged as in e.g. TEP A, where a proposal for coordination and cooperation between the Commission and the Assistance for Trade Reforms of the United States summarised work plans for the coming year and more. This initiative, and others, delivered appropriate coordination with other donor institutions (see TEP A mid-term evaluation, 2006). In general the direct bilateral coordination between the Commission and USAID has been characterized as ‘excellent’ in ensuring that no duplication of the activities that took place.

Source: country fiche, field mission

In **Ghana** in the framework of the Private Sector and Trade Enabling Programme, a PSD Strategy Working Group was established, gathering the Participating DP supporting the PSD Strategy and Action Plan with the Government. The PSD working group is co-chaired by MoTI and a donor (the latter on a rotating basis) and comprise the Commission, GIZ, WB, AfDB, UNDP, UNIDO, Switzerland, JICA, Denmark and the Netherlands. Concerns have been raised about the effectiveness of the working group and the level and consistency of participation by MoTI has also been questioned. This may have caused other DPs to also reduce their investments in the working group.

Source: country fiche, field mission

In **Uruguay** there is an excellent cooperation of partners at all levels.

MERCOSUR does suffer however from an under-staffed secretariat and the need for always consulting all four Member States on any position. The MERCOSUR standing representative for Uruguay informed us that this will soon change, with the employment of 3 permanent staff who will concentrate on assisting development programmes.

Source: field mission

In **Zambia** in the area of PSD there are coordination mechanisms between donors on approximately a monthly basis. It has been noted that this functions more on operational than policy issues, and addresses TRA rather obliquely. “The NWGT (National Working Group on Trade) replaced five separate committees. Its objective is to coordinate the development of an overall national trade negotiating strategy and prepare for individual negotiations as required. The secretariat to NWGT was provided by the EDP II PMU.” In the framework of Capacity Building for Private Sector Development, “a Memorandum of Understanding (MoU) has been signed between all donors operating in this field and the GRZ. Monthly meetings between the donors take place and every six months a joint meeting between the donors and the GRZ is held.”

Source: country fiche, field mission

In **Côte d’Ivoire** there is good collaboration with local Ministries in the framework of the Commission support to the Sugar and the Banana sectors. In the framework of the PACIR programme, there is good sectoral coordination for Trade-related support. There is also a good dialogue with the involved Ministries and the private sector. There is also a very good collaboration with the national Ministries in charge of negotiating the EPA. Systematic coordination activities with the World Bank (related to enabling business environment) can be recorded.

Source: country fiche, field mission

In **Cameroon** at the national level the multi-donor meetings take place regularly, monthly at the level of the GEC. No information at regional level.

Source: field mission

For **COMESA**, the coordination of the *Regional Integration Support Programme (RISP)* at the national levels was planned to be ensured through “existing national task forces / fora established by MS to guide, co-ordinate, monitor countries’ regional integration efforts as well as their integration in the world economy (WTO, EPA).”

Source: country fiche, field mission

In the **MEDA** region, “the government partners generally preferred to maintain bilateral relations with each donor and did not push further the recent development of donor coordination mechanisms in which they fulfilled their leading role unevenly.”

Source: summary of evaluations report

3.3.3 I 3.3.3 Degree to which joint TRA strategies and programmes are in place and operational in partner countries

The findings are mixed. Evidence for the existence of joint strategies, or mechanism to develop joint strategies and programmes, have been identified in **Bangladesh, Cambodia, South Africa and Zambia**. In **Egypt, Ghana and Uruguay** there have been no joint strategies nor programmes as it was perceived that there was no need for this. Mechanisms to develop joint TRA strategies have been in the making in **Cameroon** and in **ASEAN** missed opportunities for joint strategies are evident

In **Bangladesh**, donor-government coordination, in which the Commission takes a leadership role, is well developed and only suffers from minor problems in donor coordination. As a result, in 2010 two highly visible milestone events took place: The Bangladesh Development Forum (BDF) in and the signature of the Joint Cooperation Strategy in June 2010 by GoB and 18 development partners working together in the Local Consultative Group.

Source: country fiche, field mission

In **Cambodia**, it was intended in the CSP that Commission would support, in co-operation with the other donors involved in this sector (EU MS, UN, ADB and WB in particular), the RGC to formulate a sector-wide approach in the area of trade reform. “The Trade Reform SWAp is expected to become the main mechanism for policy dialogue with the RGC for the trade sector reforms. This policy dialogue will contribute directly to the PRSO, which includes “private sector development” among its key areas of support.”

Source: CSP/RSP analysis

In **Zambia**, the CSP 2008-2013 stated that the *Joint Assistance Strategy Zambia (JASZ)* was agreed and signed in January 2007. In line with the Paris Declaration, the purpose of the JASZ is to harmonise and align the assistance provided by cooperating partners to support the implementation of Zambia's national development goals. Yet again the dormancy of the DTIS/EIF process is of key relevance. There are joint strategies with regards to supporting private sector reform that have some impact on trade issues. Beyond this we note that different international co-operating partners have worked with the same beneficiaries, such as the *Zambian Export Growers Association (ZEGA)* in a way that has generally been complimentary but there has not been a formal structure at this level of intervention. The coordination in the agricultural sector, which has a trade component, harnesses the regional programme CAADAP.

Source: CSP/RSP analysis, field mission

In **South Africa**, “the country strategy paper sets out a joint response strategy, which the Commission and EU member states will develop into a joint multi-annual indicative programme.”

Source: CSP/RSP analysis

In **Egypt** there have been no joint strategies nor programmes as there has been no need for this. TEP C was based on a common IMF developed custom reforms platform upon which USAID and the Commission based their assistance in a coordinated and complementary manner.

Source: field mission

In **Uruguay**, there has been no joint strategies nor programmes as there has been no need for this. The EU and AECID have basically agreed in 2008 to work in different areas with in Uruguay and MERCOSUR, in order to complement and not overlap each other's activities.

Source: field mission

In **Ghana** there is currently no joint TRA strategy nor programme in place. The PSTEP was based on a jointly agreed and GoG led PSDS programme that provided the overall framework for a number of donors, although many remained outside. It became operational but was probably overly ambitious and MoTI did not have the capacity nor legal mandate to ensure proper and coordinated implementation. This caused disillusionment and contributed to more fragmented approaches in the sector. The CSSP was not joint either although there was collaboration with other donor and private sector initiatives.

Source: field mission

Cameroon is a particular case, as only few donors are active in the fields of trade, competitiveness and private sector development. Therefore no sector approach has been developed yet but is now in the making. EU is the main donor, using UNCTAD and UNIDO as implementation partners (PAPMOD and PASAPE respectively). Regarding added value, it is too early with PAPMOD, but UNIDO has definitely shown itself to be a strong technical partner with valuable implementation skills.

Source: field mission

In **ASEAN** missed opportunities for joint strategies are evident. Some Commission projects overlap with the interventions of other donors, for example APRIS and "ASEAN Trade Pilot Program: Single Window" (USAID) in the customs sector; between APRIS and the ASEAN-Australia Development Cooperation Program Phase II (AusAid) on measures related to the general support of regional economic integration; and between APRIS and "Support for ASEAN Integration" (JICA) mainly regarding customs and standards. However the partly similar programme objectives were neither pre-ceded by, not have they resulted in, joint TRA strategies and programmes.

Source: field mission

3.4 JC 3.4: Complementarity, coordination and coherence of Commission's TRA at global, regional and national level

3.4.1 I 3.4.1 Evidence of coherent TRA programming at global, regional and national level

The level of coherence between Commission strategies at regional level and its strategies at national level varies. In particular, in Central Africa, coordination appears to be insufficient and complementarity between RIP and NIP remains theoretical and its practical application is not sufficient. In West Africa, consistency between the Commission regional strategy and its strategies in member states of the region is low. This is clearly illustrated by the fact that on 14 CSP, only four took into account the regional integration process in the identification of sectors of intervention of the NIP. There is 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 evidence presented for the specific case of TradeCom. The final evaluation indicated a relatively high level of coherence between regional and global levels of intervention.

The issue of coherence and consistency between global and national TRA has been prominently raised in the evaluation of **TradeCom**, which indicated a "relatively high level of consistency between the RSPs and the Commission's AfT Strategy since each region's RSP had provided for the subsequent development of components of Regional Indicative Programmes (RIPs) that would focus on AfT and TRA challenges at

that level. (...) The Facility's purpose (increased trade capacity) is therefore closely aligned with the RSP specific objective of improving WTO implementation and effecting EPA negotiations".

It was also stated that **TradeCom** remained closely aligned with both existing and evolving Commission strategies. Its overall objective and specific objective/purpose mirror the Commission's cooperation strategies with individual countries under the 9th and 10th EDFs, which, in turn, are aligned with national development strategies.

Source: final evaluation of TradeCom

With regards to **ASEAN**, the Commission also strongly supported the trade agenda in bilateral programmes and projects with individual ASEAN member states. The main TRA-relevant focal areas in this regard were:

Table 4 Commission support for ASEAN member states in trade-related focal areas during the evaluation period

ASEAN member state	Focal Area
Cambodia	Support to National Strategic Development Plan
Indonesia	Trade and Investment / Integration into the global Economy
Malaysia	Dialogue Facility Trade and Investment
Philippines	Assistance to trade and investment
Thailand	Economic Cooperation
Vietnam	Support for Vietnam's Socio-Economic Development Plan (SEDP) 2006-2010

Source: regional organisation fiche

At the same time most regional Commission-ASEAN projects have had national components. Hence, it was neither possible nor useful to look at regional and national projects separated from each other. At programming level, regional and national programmes and projects are coherent. No inconsistencies could be found regarding global programming on one hand and regional/national programming on the other.

Source: regional organisation fiche

For other countries and region, no evidence for coherence was found. At the same time there was no indication for incoherencies between national and regional levels either.

The findings for **Egypt, Ghana and Zambia** are identical: *generally there have been virtually no attempts to make bilateral TRA coherent with regional or global TRA initiatives*, but there have not been any major incoherencies in the support either.

Source: field missions to Egypt, Ghana and Zambia

In **Uruguay**, *within the limited TRA provided to Uruguay, there has not been much attempt to link it with regional or global TRA initiatives*, however there have not been any major incoherencies in the support to MERCOSUR. At MERCOSUR level, TRA has generally been consistent with the Commission policies of assisting with compliance to WTO trade measures compliance.

Source: field mission

In **Côte d'Ivoire**, evidence of coherent TRA programming at global, regional and national level was not found.

Source: field mission

In **Cameroon**, the PASAPE programme was planned to complement the regional "programme for the improvement of food safety levels of fish products", as well as PAIRAC (Programme d'Appui à l'Intégration Régionale en Afrique

Centrale) and all ACP programmes such as PROINVEST, etc. However the actual implementation has shown little complementarity between these programmes.

Source: field mission

In **Bangladesh**, *there is no Commission TRA at the regional level, for example for the South Asian Association of Regional Cooperation (SAARC) of which Bangladesh is a member. However, the support by DFID via IFC shows that this would be possible (successful start of a regional project in the area of trade facilitation – introduction of the customs software ASYCUDA World at different borders in the region) and seems to be a useful approach in some areas.*

Source: field mission

3.4.2 I 3.4.2 Evidence of effective co-ordination between global, regional and national TRA

Coordination between regional and national TRA seems to be in many cases very weak, and sometimes even non-existent.

In **ASEAN** – *despite existing coherence at programming level (see I 3.4.1) the strengthening of regional economic integration has suffered from a lack of coordination between national and regional levels. Formal mechanisms to facilitate systematic coordination of TRA interventions among the Delegations in the region are either non-existent or insufficient.* The current situation is a compartmentalised approach which is characterised by the parallel implementation of a) regional projects with ASEC as the main partner (APRIS, EASCBP); b) Asia-wide programmes which do not directly involve the ASEC but are implemented by other actors in several ASEAN countries (Asia Invest, SWITCH, ECAP etc.); c) the national components of projects under a and b; and d) major bilateral TRA projects which overlap with the objectives of projects under a, b and c (for example MUTRAP in Vietnam and TRTA in the Philippines). Some informal or ad hoc exchange takes place in some cases but the lack of a formal approach has resulted in missed opportunities in the creation of synergies and partly duplication of activities.

Source: field mission, regional organisation fiche

In **Egypt**, *from the bilateral point of view there have been very limited coordination efforts, although the delegation is in contact with the GAFTA coordinator in Jordan. However there was virtually no evidence of coordination with COMESA. However, the private sector clearly expressed strong demand for diversifying away from EU to growing markets in e.g. Africa, although few explicitly mentioned COMESA as a vehicle for this. However, there also seems to have been limited demand for and need of better coordination from the GoE side which has clearly expressed its demand for Commission TRA for AA and SPS/TBT issues, not COMESA nor GAFTA.*

Source: field mission

In **Ghana**, *from the bilateral point of view there have been very limited coordination efforts, although the delegation was aware and informed of most global initiatives.* These were generally not coordinated with any bilateral TRA but were mostly complementary. However part of the global initiatives (e.g. TradeCom) seemed very generic (interviews with both MoTI and EUD) providing limited added value. There was virtually no evidence of coordination with ECOWAS or other regional initiatives.

Source: field mission

In the case of **Zambia**, *there have been very limited coordination efforts. The delegation is responsible for COMESA but there is an operational and strategic separation between the regional and national support.* However, at sector level there is explicit and implicit linkages, e.g. the CAADAP. The country fiche highlighted the fact that trade issues tend to be neglected in the preparation of country strategies, considering that they are covered at regional level. The policy dialogue underlying the preparation of the country strategies has usually been conducted with ample consultations of the beneficiary authorities and stakeholders, but it has not been guided by particular actions or pressure to integrate trade into the domestic policy documents and to streamline trade into domestic policies. A reason for the low concern for trade is the reliance on the fact that Commission programming at regional level focuses on trade issues and it appears that services in charge of preparing the country strategies tend to consider that trade issues are covered elsewhere and that the

focus can be placed on other sectors in the national strategies. The neglect of the trade dimension is, however, damageable, even given the important TRA provided at regional level, because then the country strategy does not permit to articulate the trade developments and reforms at country level with those envisaged at regional level.

Source: country fiche

In **Côte d'Ivoire**, *evidence of effective coordination between global, regional and national TRA was not found.*

Source: field mission

In **Cameroon**, *generally there have been virtually no attempts to coordinate bilateral TRA to Cameroon with regional or global TRA initiatives*, however there have also not been any major incoherencies in the support.

Source: field mission

The need for more coordination at national and regional levels has been highlighted in the framework of RISP2 for COMESA. In particular, it is stated that coordination with all programmes and projects that have the potential to complement and add value to RISP, needs to be initiated in existing coordination structures at national levels in the first place. Coordination of programmes should then take place at regional levels, within and between RO.

In **COMESA**, *the current situation is equally best described as a compartmentalised approach* which is characterised by the parallel implementation of a) regional projects with COMESA, which often include support at national level via sensitisation and training b) All ACP instruments accessed by both national and regional stakeholders for specific and technical trade related assistance; c) national programme which often see regional integration as a matter for the regional programmes – this was the case in Zambia, a member state of COMESA.

Source: field mission

Coordination at national and regional levels: Example of RISP2 for COMESA

Co-ordination with SADC

Although SADC is not a directly participating in the programme, extensive coordination with SADC will be necessary because several SADC Member States will be beneficiaries and due to SADC's role in the SADC-EAC-COMESA Tripartite process. Cooperation at the technical level (e.g. harmonization of trade facilitation instruments) is done through the Trade/Customs and Infrastructure Sub-Committees of the Tripartite. SADC's participation in the RISP/SC as well as in the detailed annual planning of activities (AWP for RISP implementation) will further contribute to effective coordination between the RO.

Co-ordination with other Aid for Trade (AfT) related projects programmes at all ACP, African and national levels

AfT related projects and programmes of the Commission, EU Member States and other co-operating partners are being implemented or planned throughout the region, at regional as well as at national levels. Other projects and programmes are expected to be introduced during the RISP's lifespan until 2015. Examples of such projects and programmes that have the potential to complement and add value to RISP – as well as at same time carrying the risks of duplication - are the DfID funded TradeMark EA, REAP and TradeMark SA; EDF/NIP funded programmes in a number of countries (e.g. in Kenya, Ethiopia, Uganda etc.); All ACP or Pan African trade related programmes from 9th EDF or being planned from 10th EDF, support at country and regional levels through the World Bank Africa regional integration support facilities etc.

Coordination with all these programmes and projects needs to be pro-active and initiated at the national levels in the first place. In most, if not all, countries national level mechanisms and structures already exist to coordinate trade and integration related policies, to mainstream trade and integration in national strategies and priorities such as PRSP etc. Examples of structures are NDTPF, EIF etc.

As much as possible coordination of RISP needs to be undertaken through existing national structures and not by creating RISP-specific structure that will prove not be sustainable beyond RISP. National AfT related coordination mechanisms may be supported through RISP (result 5), provided no support is already available or planned from other sources (e.g. DfID TradeMark EA and TradeMark SA).

Furthermore, coordination of programmes is required at the regional levels, within each of the

RO, and between the RO. Within each RO, adequate structure and mechanisms need to be established or strengthened. Such structures need to be established and mandated in such ways that final responsibilities rest with the RO's Policy Organs. This is necessary in order to strengthen the coordination between national and regional levels respectively. In COMESA, for example, a dedicated Aid for Trade unit will be strengthened (DfID support) to play this role within the framework of the COMESA Regional Aid for Trade strategy.

Coordination at African level and with Intra ACP initiatives will be ensured through appropriate mechanisms such as established within the JAES Partnerships, namely the Partnership on infrastructure, trade and integration, as well as the IRCC.

Source: Identification Fiche of the Regional Integration Support Programme 2 (RISP2)

For **Uruguay**, evidence is inconclusive. *The DEU in Montevideo serves as both the delegation for Uruguay and for MERCOSUR. In order to maximise resources, it has at times utilised staff stationed at the corresponding MERCOSUR Member State to carry out representation at meetings held outside Montevideo.* Due to very low staff representation at the DEU at the time of interview, it was not possible to easily gauge how much programmes in other MERCOSUR Member States are being effectively coordinated in relation to the regional programmes. There is no coordination efforts between the EU centrally managed AllInvest programme and the regional MERCOSUR programmes, however there were links between AllInvest and PACPYMES.

Source: field mission

3.4.3 I 3.4.3 Evidence of complementarity between global, regional and national TRA

Evidence of complementarity of national TRA to global/regional level interventions has only been found in some countries, although it remains low most of the time or was more a matter of unplanned outcomes than strategic planning. However, in the majority of cases clear evidence for complementarity was lacking.

In **Vietnam**, *evidence of complementarities between national and regional Commission support has been found: "In terms of complementarity between regional and national TA/capacity building needs and responses to these needs, Vietnam profited in particular from the Standards programme and ECAP, the latter of which dealt with Intellectual Property Rights (IPRs). The final evaluation report of the Commission-ASEAN Economic Cooperation Programme on Standards, Quality and Conformity Assessment, presented the Vietnam component as one of the most successful ones of the project."*

Source: country fiche

In the **Philippines**, *"synergies between and among the bilateral EU-Cooperation cooperation programme and regional EU-ASEAN (Association of Southeast Asian Nations) projects only exist to a limited extent and coordination mechanisms are not formally institutionalised"*.

Source: country fiche

In **ASEAN**, according to interviews *regional and national TRA in the ASEAN region in generally complementary but the compartmentalised approach as described under I 3.4.2 has also resulted in overlaps, duplication and unexplored synergies.*

Source: field mission

In **Ghana**, *there was no immediate evidence of deliberately sought after complementarities between global, regional and national TRA, but the COLE-ACP and other initiatives were complementary to the, at that time, on-going PSTEP.* The focus on concrete measures to facilitate market access through demonstrating compliance with the regulatory and commercial requirements of international trade, especially those concerning sanitary and phytosanitary (SPS) issues in horticulture was highly complementary to other interventions. Reversely the TradeCom training and workshops proved to have limited relevance and hence also complementary.

Source: field mission

In **Egypt**, *there were no immediate evidence of complementarity between global, regional and national TRA, but it cannot be excluded that there is such complementarity.* However none of the stakeholders could identify this. Had more

time been available such complementarity could perhaps have been identified (e.g. through interviews with the COMESA unit in Ministry of Trade). The CSE states that “complementarities were generally not foreseen in the design of bilateral interventions, and, when foreseen, they were not clearly spelled out. At implementation stage, complementarities between bilateral interventions were the result of ad hoc initiatives.” (Country Strategy Evaluation, p. 56).

Source: field mission, country fiche

In **Uruguay**, there was no immediate evidence of complementarity between global, regional and national TRA, but it cannot be excluded that there is such complementarity. However none of the stakeholders could identify this.

Source: field mission

In **Zambia**, in trade negotiations, and inclusion of the private sector and NSA, national, regional, all ACP and multilateral programmes all contributed to capacity building. But not in a planned or deliberate way.

Source: field mission

In **Côte d’Ivoire**, complementarity between these TRA levels was not systematically assessed and monitored.

Source: field mission

In Cameroon, there is little evidence of complementarity so far.

Source: field mission

In **Nigeria**, “there is a lack of complementarity and coherence between regional and national 9th EDF programmes; for example, the trade sector was not focal for Nigeria in the 9th EDF” (country strategy evaluation).

Source: country fiche

In the **Dominican Republic**, the CSE evaluation found that “the management of regional and national programmes was not leveraged so as to provide a strong complementarity for “joint” RIP-NIP programming of either regional integration (ex. Trade and EPA) or of DR-Haiti common development”.

Source: country fiche

At global/regional level, evaluations found that complementarity to national level was also lacking:

As for **TradeCom**, the FA stated that there is “a modest focus on institutional capacity building (ICB) and therefore a resulting absence of coordinating mechanisms between TradeCom, the EU Delegations, the RECs and ACP States on this. Clearly, there is an urgent need to reconcile NIPs and RIPs and to integrate trade-related activities at regional/country levels. However, there is considerable concern, both at ACP State and EU Delegation level that RECs do not have the capacity to take the lead on managing programmes like TradeCom or in fostering strong collaboration between member countries implementing agencies and their own organisations under such programmes. Similar concerns were voiced about REC absorptive and management capacity in the European Court of Auditors Report, “Effectiveness of EDF Support for Regional Economic Integration in East Africa and West Africa” of 2009. Other concerns were voiced about donor/REC coordination. This was substantiated in a report entitled German Aid for Trade: Past Experience, Lessons Learnt and the Way Forward – Regional Case Study Commission OWAS posted by ACP-EU-Trade.org in December 2009 “there is no specific AfT-related strategy and coordination mechanism among donors and between donors and CommissionOWAS.”

Source: final evaluation of TradeCom

In **West Africa**, the evaluation stated that *even if there is some complementary between national and regional levels of the Commission support in strategic documents, it remains theoretical and takes the form of a “division of labor” instead of real complementarity.*

Source: summary of evaluations report

In the **MEDA** region, “*Bilateral cooperation strategies clearly refer to and fit within the Barcelona process. In all the interventions examined the Barcelona process is clearly referenced as the umbrella under which the cooperation takes place. Reference to one or several Barcelona objectives is clearly made in the programming documents and the interventions are in line with the strategy documents (CSP/NIP). However this linkage remains largely nominal and the programming documents do not demonstrate how they will achieve the process objectives. National priorities and, therefore, the demands from the partner for support are generally determined by domestic policy considerations and reforms and not by the Barcelona process. It is only, and then only to a certain extent, in the development of the private sector and the opening-up of the economies to international trade that there is convergence with and mutual support for the Barcelona and national objectives. This is a striking difference with what has been observed in candidate countries where the prospect of adhesion constitutes a powerful incentive for structural reforms and the adoption of the “acquis communautaire”.*

Source: summary of evaluations report

In the **Pacific region**, “*contacts between Commission-funded regional and country interventions have been limited even when regional interventions have had national components. No instances of complementarity in intervention design have been observed. Cases of complementarity and mutual valorization during implementation have been the exception and have depended on the discretion and willingness of the regional and national implementers. The ‘Hubs and Spokes’ component of the TradeCom project, administered by the Commonwealth Secretariat and financed by the Commission, has given some national level support to the regional PACREIP programme. In Fisheries, interventions have been strongly regionally focused and designed in such a way that they can be implemented without substantial dependence on work at national level. Regional and country strategy documents do not explicitly develop arguments supporting allocation of interventions to regional or national levels.*”

Source: summary of evaluations report

4 EQ 4 on trade policy environment

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

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

4.1.1 I 4.1.1 Contextual factors analysed in the design phase of Commission TRA

Trade policy, broadly interpreted, has assumed increased importance over the period, 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) over the evaluation period.¹³ To facilitate mainstreaming it can be important to consider the contextual factors in designing TRA strategies and interventions in order to make these fit into the country (or regional) settings.

The overall picture of high level of contextual factors being taken into account is also corroborated in the evaluations desk study where virtually all TRA interventions contain references to the context such as trade dependence, constraints, opportunities and most also reflect on previous experiences. However, in several instances support to trade policy and mainstreaming is only a minor issue in the TRA intervention with general private sector development or enterprise level strengthening being predominant. Here, there tend to be only few thorough trade specific contextual analyses available, as the focus is on facilitating trade of productive sector.

In sum our evidence suggest the core issues hindering more effective policy formulation and implementation may be more systemically rooted in the context, than in gaps and 'lack of analysis' suggest. Not least concerning the (both formal and informal) incentive structures that guide behaviour and interactions, which in certain context are neglected. Indeed in most of the countries analysed there is no such systemic analysis that goes beyond the gaps and 'lack of analysis' explicated in the design phase.¹⁴ This aspect is obviously also related to the political economy of change in public institutions and has recently assumed centre stage in the Commission support to capacity development (see e.g. Backbone Strategy for Technical Cooperation and the Toolkit for Capacity Development), where there is clearly encouragement to venture beyond basing the contextual analysis on merely gaps and 'lack of focus'.

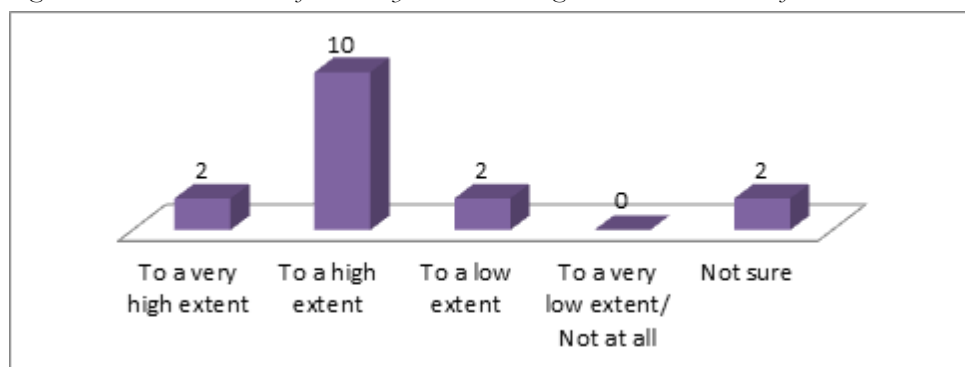
Especially in weaker or noncommittal environments the gap and lack of analysis, while conducive to identifying inputs to be delivered by the donor, has serious shortcomings in correctly tackling the real binding contextual factors that inhibit improved performance in trade policy formulation and implementation. There have however also been many success stories where EU support has contributed to strengthening the policy environment. Especially in the neighbourhood countries the prospects of closer association to EU have change the incentives for making capacity development 'stick' and here EU has successfully integrated policy and trade negotiation support into the wider association context.

In the survey of EUDs a vast majority of 75% state that contextual factors have been taking into account to a high or very high extent.

¹³ Based on analysis of the two CPS cycles that spans the evaluation period.

¹⁴ Obviously this doesn't preclude that such analysis has been done and factored into design (as evidence from e.g. Vietnam suggest), as the often sensitive nature of the topics may have undermined the designers willingness to explicitly state this in widely shared reports.

Figure 20: Results of the survey to EUDs: Degree to what contextual factors have been taken into account



Source: EUD Survey

Only in **Bangladesh** and **Tanzania** were contextual factors not taken strongly into account, in both instances primarily related to weak government commitment to do so.

Source: country fiches

However closer examination of the design material reveal that the explicit documentation often failed to produce evidence beyond the above-mentioned gap analysis (see below).

In **Egypt**, the relevant TEPs do contain macro-contextual analysis of many elements such as trade dependence and macro-economic performance. Also the government's reform programme is also analysed. However there has been limited analysis of the micro-contextual framework guiding the staff in the units and organisations targeted for EU assistance. Thus there was no analysis of staff incentives for performance, turn-over rates, influence of informal objectives (e.g. taking bribes) guiding staff behaviour. Part of this may have been internalised in the programme as e.g. corruption was de facto reduced through the rationalisation of custom codes, but more explicit micro-contextual analysis was clearly warranted, especially where political economy issues (e.g. related to interagency coordination and authority) or where commitment was mixed. Here the implicit assumption that TA and training in itself could address most gaps identified was proved wrong (See evaluations of TEP A and C).

Sources: country fiche, field mission

A similar picture can be found in **Ghana** where both the PSTEP and CSSP do contain macro level analysis but limited analysis of the institutional constraints and power relations between e.g. MoTI as the lead agencies and the other ministries and authorities. Nor was there any substantial analysis of the chosen indicators and their appropriateness and 'actionability' vis-à-vis MoTI which was the lead agency. The outcome was arguable a set of indicators that proved unrealistic and partly outside the domain of the lead agency (see PSTEP monitoring reports and field report).

Sources: country fiche, field mission

In other instances, the analysis presented in e.g. the Technical and Administrative Provisions (TAP) and action fiches is somewhat shallow with only brief mentioning of the demands from partners, as is the case of e.g. **China's** Sustainable Trade and Investment System and **Vietnam's** Multilateral Trade Assistance Project (MUTRAP) III. Here however, it would appear that the partner had very strong knowledge of the contextual factors inhibiting better trade policy capacity and how they could use Commission TRA to tackle these. But the underlining analysis is not explicitly formulated in the Commission documentation (see FAs).

Sources: country fiches China and Vietnam

Bangladesh: In weaker contexts, much of the analysis is focusing on identifying 'gaps' in public policy formulation and implementation units and agencies. Such an analysis is often focussing on where the partner is lacking in terms of capacity, equipment, training, coordination such as in **Bangladesh's** Trade Policy Support Programme. This, in turn, is then easily converted into the Commission filling in where the partner is lacking; e.g. training, capacity building, equipment, coordination units. Moreover the field mission revealed that due to only partial (at best) ownership of the programme had undermined the effectiveness, ownership and

sustainability of the programme. More analytical efforts should have been invested in how the programme fitted into the country's political economy and political decision-making processes.

Sources: field mission

In **Cameroon** there was also a problem of gauging and factoring in the political economy, in this case related to the opposition to signing the EPA, which threatened to derail the PASAPE project. Otherwise both the CSP and project design documents contain adequate contextual analysis for each of the interventions.

Sources: country fiche, CSP/RSP analysis, field mission

Zambia is a country where most contextual analysis have focussed on the productive sectors and less on the wider trade policy environment, with an initial DTIS not being able to catalyse more substantive efforts due to weak government capacity and mixed commitment. The EU on its side has only done a limited analysis of trade and regional integration's role in national development. Support was generally not based on an identification of key roles and capabilities required for the policy making framework to ensure that trade policy reflects national interest and is pro poor. The micro-contextual framework guiding the staff in the units and organisations targeted for EU assistance was generally not analysed. E.g. there was no analysis of real incentives for performance, turn-over rates, dominance of informal objectives (such as corruption) guiding staff behaviour, which at times was more determining outcomes than the supply of TA and training.

Sources: field mission

Cote d'Ivoire is a unique case with only nascent trade policy frameworks and an extremely fluid political and security context. Here the commission responded to the emerging opportunities for support when present, suggesting an acute, if not always thoroughly documented, awareness of the country context, which enabled critical support for especially the productive sectors. In addition the EPA process seems to have catalysed more strategic discussions on wider trade policy issues (see field report). However the evidence base is somewhat limited.

Sources: field mission

At **regional** level, there is also limited evidence, but in the case of **ASEAN** the project documentation does contain *relatively comprehensive analysis of contextual factors, often based on ASEAN's own reporting*. This was confirmed during interviews.

Sources: field mission

4.1.2 I 4.1.2 Adoption of a national trade policy integrated within the country's national development objectives and based on appropriate coordination and consultation at national level

The Commission has the ambition to integrate trade into national development and poverty reduction strategies and the operationalisation of the trade coverage thereof. This includes the incorporation of trade into sectoral strategies, action plans and budget; intra-governmental and government-private sector relations, as well as government-donor relations. Thus, to be effective, trade policy will have to be mainstreamed into broader national strategies.

In sum, there have been increased and often successful attempts to include NSAs in policy making but challenges remain in terms of securing the sustainability, capacity and representativeness of the NSAs. In some instances participation has had elements of tokenism and challenges have also materialized in finding truly representative organizations. Moreover there is insignificant involvement of NSAs other than private sectors organisations.

There is some evidence that Commission's TRA has made efforts to assist integrating trade policy into wider national development frameworks. Out of 42 countries analysed, 20 had seen trade being integrated into national development frameworks (e.g. PRSPs) with the reminder only partially. Successful examples include Egypt and Vietnam where EU TRA assisted in garnering commitment to such integration. At the global level, the **TradeCom** facility did support by providing substantial non-ACP TA to help design trade policies that often could inform national policies and integrate into e.g. PRSPs. However, the TradeCom had challenges in getting firm commitment to this as stated by the final evaluation concerning the trade policy and

integration support: ‘there is minimal evidence of *independent* ownership i.e. country commitment to increasing the amount of their own financial and human resources to Trade’ (Final Evaluation, pp. 57-58), but that the specific/individual stakeholders (e.g. Ministries of Trade) had higher ownership, but often lacked the budgetary clout to back this up with funding.

Source: final evaluation of TradeCom

This points to the importance of having broad and high-level political commitment to mainstream trade into wider policy frameworks, and also commitment that extends beyond rethorics (e.g. mere mentioning in the PRSP), but is also backed up by legal reforms and budgetary allocations. This is challenging to achieve in context characterized by only limited capacity and mixed commitment.

Thus, in **Zambia** the Export Development Programme in the view of the Final Evaluation constitutes a missed opportunity for better integration: ‘*This evaluation concludes that domestic policy documents, in particular PRSP which should encompass the whole poverty reduction dimension, tend to be very limited on the income generation potential aspects of trade because the country does not have the full resources and the capacity required to assess its real needs. This calls for a policy dialogue in which not only the country expresses its view, but also in which the contribution of the Commission’s understanding and awareness of trade related issues is more pronounced. Within the EU programming cycle, there is a need for basing the country strategies on well-documented trade analyses*’ (p. 31). Thus, not only does the country not sufficiently integrate trade in its national policy, but the Commission could also better integrate its trade analysis in its country strategy. Similarly, There are several aspects of national policy that clearly related to trade – for example trade development and diversification. However, there is limited RIT mainstreaming. There is also evidence of trade policy changes being adopted without suitable assessment¹⁵. And the fact that SADC Tariff Phase downs were delayed because no planning had been made to take account of potential fiscal loss is a clear indication of the lack of mainstreaming. It should be noted that the later CSP did contain a more elaborate trade analysis as an integral part.

Sources: country fiche, CSP/RSP analysis, field mission

In **Bangladesh** *TRA to mainstreaming is undermined by policy fragmentation*: several ministries and authorities are dealing with different aspects of trade in an uncoordinated manner. TPSP has elaborated a comprehensive trade policy framework which is regularly updated and amended. However it is not yet implemented. This policy framework furthermore carried several concrete suggestions, based on studies that were carried out under BTSP. However, it seems than none of the recommendations have been seriously followed up by GoB. The EU has thus been supporting the mainstreaming of trade policy with significant resources but with little success so far. The level of political clout and leadership of the Ministry of Commerce seems critical and has not been forthcoming so far.

Sources: country fiche, field mission

There is also a need to update and mainstream trade policy in Cameroon, and the EU project PASAPE did attempt to assist. However partly due to the linking with EPA negotiations and partly due to general inertia limited progress was made.

Source: field mission

In **Cote d’Ivoire**, *national trade policy is still in an infant stage*. The required systematic analytical “groundwork” for the preparation of trade policy support and formulation appeared to be rather limited, with other policy priorities taking centre stage.

Source: field mission

In countries already with strong trade policy frameworks, the EU has been better able to slot into an on-going process. Thus in **Egypt** trade formed an integral part of Egypt’s reform programme that gained momentum in the early 2000’s and upon which the TEP programmes both capitalised and provided support to. Consultations were held at appropriate levels, most notably with the strong EU support to the Association Agreement

¹⁵ For example the statute that all asset management companies should be majority national owned, leading to divestment in the sector (<http://www.mmegi.bw/index.php?sid=4&aid=718&dir=2010/March/Friday5>) and no explicit consideration on e.g. pensions and pension provision; the imposition of a mandatory requirement for sugar to be fortified which, though based on the need to reduce vitamin deficiency, has been implemented in a trade distorting manner and without effective consultation.

which formed a centrepiece of Egypt's trade relations. The reforms were generally mainstreamed into wider policy areas, due to a committed government, that attached high priority to trade in general and with EU in particular, accentuated by the AA. However, the EU should arguably have paid more attention to ensure legal consistency with the more technical reforms proposed in customs, as the lack of e.g. legal framework for post-clearance audits hindered the effective implementation of this key aspect of the TEP C.¹⁶ TRA under TAP A had more explicit focus on policy mainstreaming and also general trade policy awareness and succeeded especially in the latter aspect (Final Evaluation 2008, p. 31).

Sources: country fiche, field mission

In **Ghana**, trade has generally been included in the relevant national strategies such as the Ghana Poverty Reduction Strategy I (2003) and II (2006) and the most recent Ghana Shared Growth and Development Agenda (2010) and in between these, the Trade Sector Support Programme. The EU and its TRA have not played any major role in this process. However it would appear that consultations and coordination could have been better as MoTI struggled to get other MDAs to implement their components of the trade strategy. Support to EPA was provided under the PSTEP small discretionally TA component of €0.5 million, but this was mainly by the insistence of the EU not GoG (ROM report 2010).

Sources: country fiche, field mission

Similarly, in **Uruguay**, EU TRA in e.g. SPS contributed to national trade policy that was already well integrated into the overall development policy.

Sources: field mission

*Thus the evidence suggest that in committed countries ownership and trade focus have generally ensured that TRA is promoting better trade policies into an already well-established policy framework that has trade as a key pillar. Again, **China and Vietnam** are also prime examples of this; the findings under this indicator again suggest that national ownerships and commitment to trade policies are important predictors for success, whereas the Commission is still struggling to ensure mainstreaming in weaker contexts, mainly due limited domestic traction.*

Sources: country fiche China and Vietnam

4.1.3 I 4.1.3 Degree to which Non State Actors (NSAs) have participated in the trade policy formulation process¹⁷

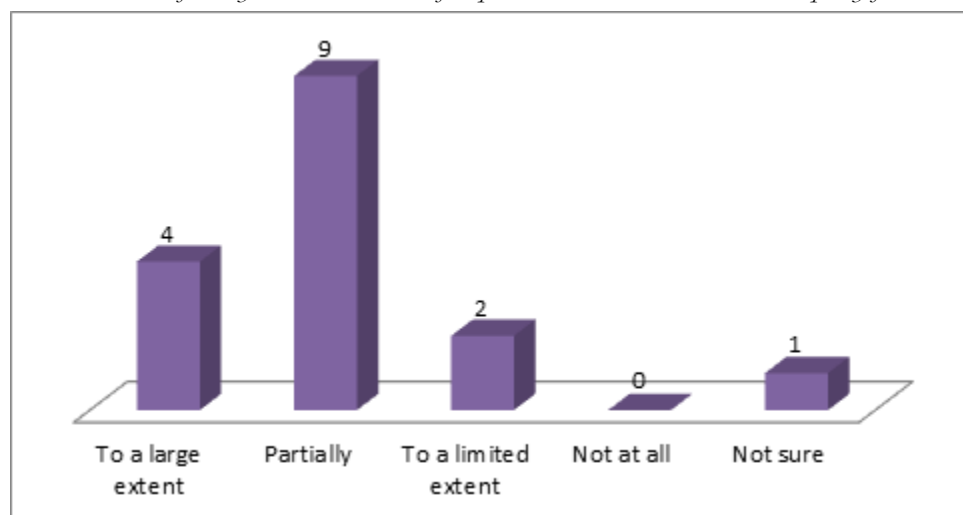
The role of non-state actors in shaping policy and engaging in trade dialogue has assumed increased importance over the period, as TRA focus has been expanded, but from a low base. On the other side, the Commission has also increasingly emphasised its support to NSAs so it is of course not surprising that there now is an increased interface between TRA interventions and NSAs.

As can be seen from the following figure, the private sector has been only partially involved in the majority of cases, suggesting that there is still considerable scope for better inclusion.

¹⁶ Thus if a company rejected the post-clearance audit, the Egyptian Custom Authority (ECA) had no authority to force it into undergoing an inspection of their documents. Companies often rejected the audit, and the ECA could not do anything but subject the company's future imports to thorough physical inspection through the red line. This in turn hindered the effectiveness of overall objective of speedy the post-clearance auditing function at the ECA. The legal framework is still not in place. See: Ministry of Planning and International Cooperation: 'Project Evaluation of TEP C' Cairo June 2012.

¹⁷ Please notice that this issue here is analytically distinct from the focus on NSA in TRA programming dealt with in EQ 3 JC 1. Here the focus is on NSAs involvement in trade policy.

Figure 21: Results of survey to EUDs: Level of in-private sector involvement in trade policy formulation



Source: EUD survey

At **global level**, this is also confirmed in TradeCom which had a clear focus on NSA as being instrumental in fostering ‘national commitment to advancing proposed options and solutions via National Trade Committees or working groups (Final Evaluation p. 30) but also remarked that ‘private sector cost-sharing was not marketable partly because of the weak financial status of many national entities and NSAs’. (ibid. p. 36). Thus, the question of sustainability of NSA engagement in policy formulation seems evident from the global perspective. Nevertheless, the TradeCom managed to put in place a platform for effective participation of NSAs, but these were mostly private sector representatives (ibid. p. 15).

Source: final evaluation of TradeCom

Regional organisations have also seen limited participation of NSAs in policy formulation (see e.g. **ASEAN** field report) with the partial exception of **COMESA**. Here the COMESA Business Forum has actively participated in policy dialogue, primarily through high level public – private conferences and increasingly through position papers and publications. This was not supported under the RISP, but is a target for RISP II. In addition the private sector and other NSA have participated in consultations on the development of most regulation, supported by the RISP. NSAs have been included in training on trade in services. And have been actively targeted during the capacity building work of the expansion of the FTA and the ESA EPA.

Source: regional organisation fiches ASEAN and COMESA

At country level, there are also numerous examples of NSAs being involved in policy formulation; often it has been an integral part of the TRA design. In terms of characteristics of those NSAs involved in policy dialogue, they are mostly private sector representatives such as business associations, chambers of commerce, farmers associations, SME organisations etc.

In **Vietnam**, attempts were successfully made to broaden the constituency of NSAs beyond the private sector and the Country Strategy Evaluation characterised this as successfully encouraging ‘a wide participation of civil society actors in the on-going reform process and fostered the transfer of know-how from European partners’.

Sources: country fiche

Ghana: A challenge emerging from the documentation is that many NSAs, including private sector representatives, are weak not only financially but also organisationally, which may in turn compromise their capacity to represent members’ interests effectively. Thus, in **Ghana**, the Mid-term Evaluation of the Cocoa Sector Support Programme concluded that ‘no significant progress has been made on Result 3 outputs [concerning] participatory cocoa strategy development’ (p. 16), which was related to their very recent establishment of the farmers’ organizations who were supposed to play a main role in the strategy process. In relation to the more trade policy focused PSTEP there was some involvement of the private sector in the formulation process, e.g.

in the development of the Trade Sector Support Programme and the wider PSDS. The oversight committee of the programme had also private sector involvement but it met infrequently and provided limited guidance. The wider (i.e. non-private sector) NSA community has not been involved (interviews and PSTEP ROM reports).

Sources: country fiche, field mission

In **Cameroon** there are also challenges of capacity to engage, with only limited involvement in EPA and wider trade policy issues. Also the ability of the government to engage with the private sector has been questioned (see field report).

Source: field mission

In other instances the government can act as a source of delay and limited NSA participation. Thus, in the **Dominican Republic** it was argued that ‘missing active support of the private sector to the national competitiveness plan may endanger further delays in this critical area. For instance, delay in making national bodies define and agree on specific Commission support towards national firms, particularly in the context of more indirect support to private sector, has met with frustration by firms and associations that regret the nature of the intermediation by the government’ (Evaluación a Nivel de País - República Dominicana, 2011).

Source: country level evaluation Dominican Republic

Zambia has seen direct involvement of the private sector and wider NSAs in the trade policy formulation process. Part of the negotiating team on services includes a representative of the Financial Sector; the policy dialogue supported by the CBPSD has led to tourism policy that better reflected the needs of the private sector. In fact, private sector involvement has been seen as influencing trade policy through the institutional framework – for example the Zambian Farmers Union has been involved in the process of granting import licenses for agricultural products, which may not be in the national interest, nor consistent with poverty reduction objectives domestic producer interest in protecting markets have been at odds with consumer interest.

Sources: country fiche, field mission

In **Bangladesh**, the TPSP has not cooperated with relevant NSA stakeholders, nor was the private sector consulted under BTSP. The private sector was addressed in BTSP studies but not involved in providing analysis. While there is already a good number of private sector organisations, for example chambers and business associations, which were in a position to contribute to trade policy formulation, the same did not apply to other civil society organisations – except for a small number of private think tanks – which need more direct support and capacity building to be able to consult and advise the government and the private sector in questions regarding trade.

Finally, in **Cote d’Ivoire**, the EU provided indirect, but arguably effective support to the private sector participation in the sense that support to the productive sectors (e.g. banana), allowed them to remain in business and also to keep their organisations active, which in turn has influenced policy making.

Sources: country fiche, field mission

4.2 JC 4.2: Institutional capacities of public trade-related institutions to promote regional and global trade and investments have been enhanced

4.2.1 I 4.2.1 Robust analysis of why the level of capacity is as it is and clear identification of drivers and constraints for improving capacity

Capacity development of trade institutions are important focus areas for EU TRA. Nearly all analysed support to public institutions entailed some form of capacity development, typically training, TA, study tours and HRD. To design appropriate capacity development support strategies, it is necessary to analyse why the existing levels are deemed inadequate, rather than immediate focus on the gaps between current levels and best practices levels (e.g. those of an EU country). This is a key outcome of research into capacity development effectiveness as expressed by e.g. the Backbone strategy and the associated Toolkit for Capacity Development (Com-

mission, 2009, as well as the more recent work on a methodology to evaluate capacity development which assesses specifically the constraints, incentives and political factors). These guidelines, if applied methodologically, are likely to improve the situation in the future.

In only few cases have such an analysis been done with the rigour implied by the backbone-strategy. Obviously, this is applying current standards retrospectively which does not necessarily do justice to the TRA programmes.

Nevertheless, it would seem that in most cases, very limited analysis has been made on *how* capacity levels can be systemically improved.

Clearly most TRA to capacity development fails to rigorously document why capacity levels are inadequate and most contain only a partial explanation reverting to the traditional gaps and lack of analysis which can lend itself to supply driven approaches (TA and training). However there are instances where such analysis is implicitly conducted but not widely shared due to the potentially sensitive nature of the analyses. However it should also be noted that in context 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-committal environments.

At **global level**, the **TradeCom** *facility did not have a main emphasis on systemic capacity development, but rather at supplying TA to solve specific - often technical challenges - that their partners had.* As stated by the TradeCom Final Evaluation: 'TradeCom placed limited emphasis on trade-related *institutional capacity building* partly because its primary focus was on a) delivering TA aimed at immediate trade capacity building.' (p8), this despite the fact that: 'In almost every country visited there are serious problems with institutional capacity, which are the major underlying constraints to the fulfilment of TradeCom objectives.' (Ibid. p. 57). Hence, it would seem that more attention could have been invested in provided institutional (or systemic) capacity development, which in turn would have been based on better understanding of the real binding constraints.

Source: Final evaluation of TradeCom

Similarly, at country level, where there are few explicit analyses of why existing capacity levels are at the level they are; at least such analysis do not appear documented.

In **Egypt** *there was analysis of the capacity levels in most interventions.* TEP A was typical example where the programme started with a needs analysis consisting of the following: institutional analysis, sector analysis and a gap analysis with European best practices as benchmarks. This could be considered the baseline upon which the objectives for each activity were updated together with the MoTI. However, these were mainly designed to identify needs and gaps with the purpose of supply donor inputs in the form of TA and training, complemented with some equipment. It did not go into aspects that were unrelated to the supply of inputs, such as the formal and informal incentive structures and their alignment or misalignment, nor did it delve into staff turnover which can (and had) a detrimental impact on some of the training and TA provided (more pronounced in the WTO than in the AA unit). At macro-level the analysis was focussed on the drivers and proponents of improving capacity and implement the reforms necessary to sustainably do so, but there was less of an analysis of who could oppose such reforms. However, the overall momentum for reform was so strong that the EU TRA for capacity development generally had a high impact and GoE often enforced complementary reforms that facilitated capacity development (e.g. limiting staff rotation in the AA unit, see TEP A Final Evaluation). In other areas the reforms were less pronounced (e.g. customs) and the results of capacity development were also more mixed.

Sources: country fiche, field mission

Similarly, in **Zambia**, *it was stated that design of the Export Promotion Programme 'does not include a needs analysis.'* (Mid-Term Review, 2005 p. 20) which undermined effectiveness. However, the capacity of other institutions were *implicitly* taken into account in programme design of the CBPSD through the placement of advisers in the different key institutions identified as key for service delivery. There was also a needs assessment for the institutions *during the implementation* of the programme, but not when designing it.

Sources: country fiche, field mission

Similarly, in **Ghana**, where a ROM monitoring report stated that: ‘the PSTEP complementary support of € 0.5 M aimed to improve the institutional capacity was not based on any real capacity needs assessment or analysis and soon became a demand driven process.’ It seems to have mainly funded donor-driven initiatives.’ This included EPA related consultancies (Ibid). The overall approach of the PSTEP was that GoG should undertake most of the work on capacity development itself complemented by support from development partners. As with most budget support it is difficult to ascertain what the support actually achieved as it was absorbed into the general budget but most of the indicators did improve although not to the extent agree. This could indicate that GoG continued its institutional improvement process that has seen the gradual reduction of corruption and fiduciary risk in the last two decades.

Sources: country fiche, field mission

*The governance quality is arguable worse in **Bangladesh**, and most activities on capacity development were done for external experts.* As stated by the Mid-Term Review (2008) on Trade Support Programme ‘Since the commissioned studies are primarily conducted by the EU and those national experts outside of the Ministry of Commerce, it is difficult to build the institutional analytical capacity on trade issues. As a result, the institutional capacity building through those studies is not maximized’ and the status report (2008) on the Bangladesh Quality Support Programme further noted: ‘There is often a mismatch between the level and the sophistication of the technical assistance planned and available and the capacity and resources of the counterpart organisation’, suggesting that the point of departure for capacity development was not the current level but a much higher ideal level potentially undermining effectiveness. The management set-up of the projects is a further issue should have required deeper analysis: the project directorship, which is provided by the Bangladeshi side (secondment by the government) is a position which is unattractive to civil servant as it entails more work, no extra compensation and no career advantage. Hardly any government official ever volunteers for a post as project director as this is seen as a bad career move. This has undermined effective leadership of EU’s TRA programme which in turn has led to less effective capacity development.

Sources: country fiche, field mission

For **Cameroon**, there is some evidence that contextual factors were incorporated into the design of Programme d’Appui au Plan de Modernisation des Douanes (PADMOD) which did focus on e.g. the culture inhibiting better capacity (cf. corresponding Identificaiton Fiche (2009) and the field report). The formulation of the PASAPE involved substantial work on identifying risks and hypotheses. However designer failed to gauge the opposition to the EPA negotiations which were a central pillar. Regarding the PACICC, various issues were identified that limit the capacity of the relevant institutions to correctly fulfil their tasks but these often focussed on the ‘lack of’ analysis (insufficient budget and weak mechanism to obtain contributions, lack of human resources and material etc.). Both projects were designed taking into account previous similar experiences.

Sources: country fiche, field mission

In **China**, the Trade and Investment Systems programme also included an Institutional Assessment (Identification Fiche, 2009), but here attention is paid to the risk of the project becoming TA-driven if there is not an adequate guidance structure. Therefor it was suggested to let the relevant Chinese DG provide the strategic inputs, which seems to have ensured high ownership.

Sources: country fiche

In **Côte d’Ivoire**, focus has been more on creating demand form better public capacity through support to private sector, which also seems to have been the approach in **Uruguay** (see respective field reports).

Sources: field missions to Côte d’Ivoire and Uruguay

For **regional organisations**, EU support to **ASEAN** was based on robust analysis of capacity levels, including capacity levels of its MSs which were key for successful implementation. However these were not always widely shared as they contained sensitive information also on “informal institutions” such as corruption and patronage. In **COMESA** it would appear that such analysis of implementation capacity and informal institutions was lacking, instead mainly focussing on identifying needs for e.g. competition and IPR policies. However without an accompanying analysis of real MS commitment and capacities implementation suffered (see field reports from ASEAN and COMESA).

Sources: field missions to ASEAN and COMESA

4.2.2 I 4.2.2 Introduction / improvements of services and outputs provided by public trade-related institutions to enterprises

In general, there have been improvements in public policy services and outputs, but relatively uneven across countries and regions and with attributional challenges.

In sum, the Commission's TRA has assisted in producing important and high impacting public policy services and products, within a wide range of areas including general trade, ex- and import promotion, SPS, TBT, IPR and procurement policies. This has been the case in virtually all the countries analysed, but detailed and illustrative evidence on the contribution of capacity development interventions is available for only a limited sample (see below). However, effectiveness is often closely related to political commitment and in areas where this has been weak (e.g. reforming Vietnam's competition policy) results have been correspondingly compromised. Moreover sustainability has also proven highly conditional upon government commitment, both in terms of financing (if not paid by private sector) and in terms of protecting capacity (e.g. reducing staff transfer and corruption).

The **Bangladesh Foreign Trade Institute (BFTI)** offers a good example. With TRA support it was supposed to provide analyses, policy advice and recommendations regarding trade policy. However, BFTI has not been working properly and cannot yet provide the needed support and services, neither to the government nor to the private sector. Moreover, it is not yet working on a sustainable basis since the elaborated business plan for this institute is neither appropriate nor functioning (see monitoring reports). The private sector does not see any real use of its products whereas the public sector has complete control over it, but does not seem to have developed any real interest in BFTI and does not support the institute adequately. Clearly, there have been inadequate analysis of demand the services as well as lack of commitment from government side (see field report). Similarly, for **Cameroon**, the Monitoring Report (2009) of the programme to support the Coffee and Cocoa Council (CICC, a public body) states that neither any of the results nor specific objectives have been achieved until that date. This indicates that CICC's services have not been improved, which was further corroborated in the field visit.

Sources: country fiche, field mission

In **Zambia**, Commission TRA has both introduced and improved services and outputs of public trade-related institutions. In terms of standards body, interviews with their clients revealed an improved performance, and the QI has been able to increase its access to government resources following the CBPSD (see field report). With regards to trade promotion, there was a significant increase in trade missions, which were in most cases appreciated by the beneficiaries. The provision of export finance in a way that built on the lessons of micro lending schemes (adapting the use of reputational capital and community enforcement of repayment) was very important in maintaining exports levels at the time of the financial crisis in Zambia. The scheme has been continued by **Zambian Export Development Fund (ZEDEF)**, but they have not continued with the attempts to replace physical with other collateral and have adopted a traditional approach to securing lending, though stakeholders still consider ZEDEF to be one of the few sources of affordable export finance.

Sources: country fiche, field mission

In **China**, despite the project on Trade and Investment systems being very recent (2009), the ROM report from 2011 nevertheless argues that the 'improved regulatory framework and legal certainty [and] and the technical documents produced supporting the registration of 10 EU and 10 Chinese agricultural geographical indicators' have strong 'likelihood of fully achieving the project purpose.' Further, the ROM report argued that 'improved quality of customs trade statistics is in process including a signed agreement on data exchange' (p. 3). In more general terms, China seems to have been a success by most standards in improving policy services as Commission sector dialogues and cooperation projects have encouraged European approaches to standards, IPR, geographical indications, competition policy, and other areas. Specific successes in the form of adopting European environmental standards have been mentioned (CSE,

2007, p. 25). The reason for these achievements is, according to the CSE 2007, the high level of expertise on call at the Delegation.

Sources: country fiche, field mission

In **Ukraine**, the Commission TRA has also been instrumental in improving policy services such as: EU approximation of legal framework, development and implementation of competition policy, procurement policy, support to SME development/exports incl. financial institutions and, harmonisation and capacity development in SPS and other standards. However, it was noted that the uneven implementation of the legal framework undermined effectiveness and the business climate (CSE, 2010).

Sources: country fiche

In **Egypt**, *the government had a clearer national vision of trade priorities, not least regarding trade with the EU*. Partly as a consequence the Trade Enhancement Programme (in particular A and B) delivered reasonable services to the business community. The Egyptian Ministry of Trade and Industry was subsequently able to manage, implement, inform and advise on the trade provisions of the EU-Egypt Association Agreement and other regional free trade agreements which made it easier for the business community to seize the trading opportunities emerging (Final Evaluation, 2008, p. 25). Similarly, TRA also assisted in improving the policy framework in terms of consistency and predictability in areas such as competition, consumer protection and (trade) tax, which was also appreciated by the business community. (Ibid. p. 27 and see also ROM report MR-102329.01). Concerning ‘customer satisfaction’ only the Egyptian TEP (A) provides some information on the fact that private exporters were increasingly contacting the Commission supported Association Agreement Unit and that there was very good feedback both from the private and public sectors on the quality and rapidity of the replies. Similarly with the WTO unit which the Commission also supported: The feed-back from the private sector on services rendered by the unit was very satisfactory. (Final Evaluation, 2008, p 27). The overall strong commitment from GoE combined with relevant and mostly useful TA and training (with some exceptions) ensured overall high achievement of the objectives and did produce useful and appreciated services and products that both private and public ‘customers’ valued. EU TRA has had high relevance, effectiveness and impact in many areas of capacity development to public institutions, resulting in improved outputs and services that are mostly sustainable. The key determining factor appears to have been government commitment to institute the necessary reforms and protect staff and their organisations/units from capacity undermining management practices. The strong commitment to the AA is a case in point. Where such commitment / political willingness has been found wanting, results have often been correspondingly undermined. Fortunately this has been the exception but more robust analysis of capacity constraints could arguably have made assistance even more effective.

Sources: country fiche, field mission

In **Vietnam**, *the picture is also overwhelmingly positive although not without challenges: There have been substantial successes in the area of SPS and TBT polices where the MUTARP II project supported the creation of new institutional arrangements and separate departments to manage the enquiry points that were set up*. New administrative procedures were developed to operate and manage the enquiry points. The final evaluation (2008) concluded that this was a very successful outcome in the context of institutional reform. SPS and TBT activities were successfully carried over to the MUTARP III phase, where TRA strengthened the Vietnamese capacity in dealing with the SPS and TBT enquiry points and notification requirements. According to the Mid-Term Review of MUTARP III (2010, p. 18), the Vietnam TBT and SPS Offices highly appreciated the assistance from MUTRAP III in their respective areas. Also, work on the intellectual property rights (IPR) thought the regional initiative: Commission-ASEAN Cooperation Programme II (ECAP II) has been deemed as effective and the Country Strategy Evaluation (2010) stated that: “ECAP made a significant contribution at least as far as the establishment of a legal framework and TRIPS compliance is concerned” (Vol. II p. 113). On the other hand, politically more difficult reforms had more limited traction such as the introduction of a new competition policy that could undermine existing monopolies and the patronage they offered. Hence it has been argued that for MUTARP III to fully succeed ‘there remain some fundamental institutional and transparency problems in Vietnam that stand in the way of rapid reform. To meet international standards more is required than just training organizations, officials and eventually judges. There also has to be the political will on the part of the GoV to tackle institutional barriers to reform, corruptive practices etc., coupled with a determination to promote a culture of greater

transparency and accountability.’ (Mid-Term Review, 2010). Thus, the design of the project on competition policy probably underestimated the opposition to the proposed reforms, which of course can be hard to gauge in advance.¹⁸ This calls for careful analysis of winner and losers from the reforms promoted.

Sources: country fiche

In the **Philippines**, *Commission TRA assisted in developing the capacity of key Philippine government stakeholders, mainly the Department of Trade and Industry, on trade in services statistics, integrated trade database, trade impact assessment methodologies, multi-stakeholder consultation techniques, trade negotiations skills and other areas under TRTA projects.* This also had a positive impact on policy delivery. (See Evaluation of the European Commission’s Cooperation with the Philippines, 2011).

Source: summary of evaluations report

Ghana’s PSTEP had rather detailed information on a number of indicators that, to varying degrees, related to the outputs of public trade related institutions. Time to im- and export, and register a business clearly improved during the programme period whereas execution rates (measured as actual expenditures as a share of planned) did not. EU TRA has clearly financially contributed to the reform efforts aimed at improving the capacities of key MDAs of relevance to trade and private sector development. Moreover the indicators and the discussion around these may also have nudged government to devote more attention to these challenges. These achievements were non-trivial but only partially met the agreed levels, causing a reduction in disbursements. However while EU contributed hereto it is not possible to quantify the impact. The CSSP also support the Cocobod in policy issues, extension, research/development activities and production of improved hybrid seedlings in the cocoa sector. These outputs were mostly produced although there are concerns about the sustainability of the model promoted (see final evaluation). Also they only promote trade indirectly with most being on cocoa specific issues.

Sources: country fiche, field mission

4.3 JC 4.3: Trade negotiation capacity has been enhanced

4.3.1 I 4.3.1 Quality of training and other specific Commission support activities to enhance negotiations

The provision of TRA to training for improving negotiation capacity of partners has been a key priority of the Commission’s TRA, not least after the Doha Development Agenda of 2001. Training has been given to facilitate WTO negotiations, but increasingly also to enhance partner’s capacity to negotiate and conclude regional trade agreements and bilateral ones (including association agreements). Finally, there have also been more recent initiatives to support negotiations in the context EPAs.¹⁹ 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 vis-à-vis 9 in the second.

In sum, there has been general appreciation of the quality of training and other inputs provided by the Commission to enhance its partners’ trade negotiation capacity. Substantial amounts of TA has also been provided, but there are challenges of making negotiation capacity ‘stick’ i.e. permanently upgrading the partners ability to engage with its trade partners in an informed manner. Especially in environments with high staff turnover and/or limited initial capacity this

¹⁸ A telling contrast comes from China. Here the commission supported Anti-Monopoly Law, and assisted the Chinese authorities’ drafting and implementing process. Project impact has been clear during the long drafting phase of the law itself (adopted 30 August 2008) as the adopted provisions are clearly based on Commission competition policy. Here government commitment outweighed the opposition and was able to push through sensitive legislation.

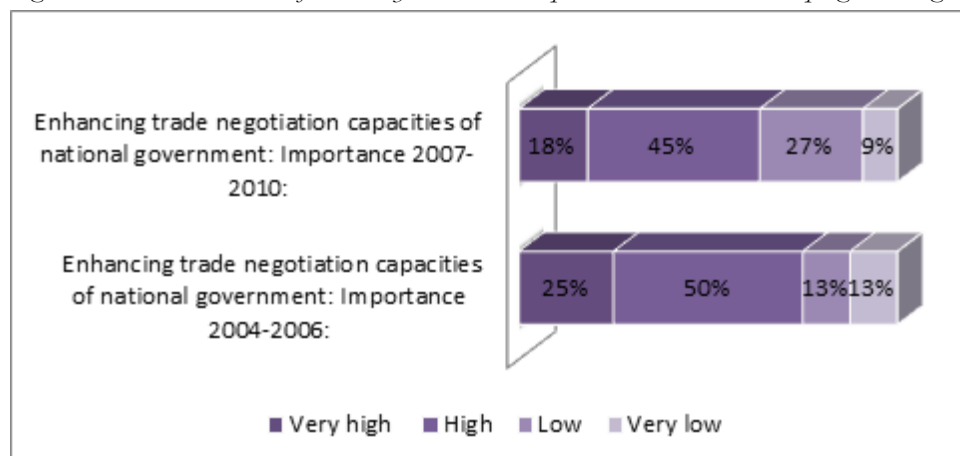
¹⁹ While multilateral trade negotiations have been accorded high priority, the volumes have been comparatively modest at €24 million due to the limited absorptive capacity in this very narrowly targeted area, e.g. there is only a few trade negotiators to train. This is equal to 2% of all direct TRA to category 1 (see inventory). However, support to regional / bilateral trade negotiations has also been provided under wider TRA programmes which complicate exact quantification.

has proven problematic. Moreover, some of the capacity development has not been fully demand driven, this relating both to part of TradeCom's trainings, but also to EPA support.

At the **global level** the survey of EUDs reveal a slight decrease in the importance attached to enhancing trade negotiation, possibly reflect that WTO/DDA negotiations dominated to earlier part of the evaluation period.

Source: EUD survey

Figure 22: Results of the survey to EUDs: Importance attached to developing trade negotiation capacity



Source: EUD survey

Nevertheless this area is still viewed as important for the Commission's TRA.

At **ACP level**, TradeCom has explicitly promoted the training and capacity to negotiate trade deals, targeted at trade negotiators and policy makers. However, as explained above, the TradeCom has not focussed extensively on institutional capacity development, and the preferred approach appear to have relied heavily on TA that has provide training, but increasingly just 'gap-filled' in partner countries. Or as stated by the Final Evaluation of TradeCom: 'Significant capacity continues to reside in the presence and know-how of the Advisers themselves. This reflects the fact that they were not given an institutional capacity building mandate but were selected as additional core resources for the countries and regional organisations to draw on'. Similarly, in Ghana, where seminars by TradeCom had also focused on WTO negotiations the outcome was viewed as insubstantial by both the EUD and MoTI, with no lasting impact (see field report). Given the cost of TA and training and their temporary nature this is clearly not sustainable, although it should be mentioned that there are also individual examples of more successful and domestically owned processes that benefitted from training from TradeCom, e.g. in Rwanda, Trinidad, Tobago, Cote d'Ivoire and Zambia.

Source: country fiche Côte d'Ivoire, country fiche Zambia, final evaluation of TradeCom

The Commission has also invested substantial training resources for trade negotiations in **regional programmes** such as the Regional Integration Support Programme in Eastern and Southern Africa (RISP in the context of **COMESA**). Here, 24% of RISP support has been to developing capacity to negotiate and implement an EPA. RISP support has been via the contribution agreement to the provision of the chief technical adviser, financing participation and short term TA. Negotiators have noted an improvement in the quality of position papers and technical issues raised. It is important to note that the capacity building has been greater amongst middle income countries with a greater absorption capacity and a more prominent and developed private sector. (see field report). Most **MERCOSUR** member states had high levels of skills in trade negotiations. EU TRA focussed on training in SPS issues, which was well received (see field report).

Source: field mission

At **country level** considerable training for negotiation capacity has been provided in **Vietnam** under the MUTRAP project where several of the components were focusing on negotiation capacity. As for WTO accessions negotiations and capacity to negotiate dispute settlements, Commission-funded training has made a substantial difference and been lauded for its quality. Thus the final report (2008) argues that the negotiating techniques taught, increased government capacity to participate in the WTO negotiating bodies as well in the Doha Round' (p.64) continuing that Commission training had also 'enhanced the awareness and knowledge of WTO

dispute settlement rules and procedures. It contributed to build-up the capacity of Vietnam's lawyers, arbitrators, judges, businesses and other experts in relation to WTO dispute settlement mechanisms' (p. 67). Similarly the Mid-term Review of MULTRAP (III) noted in 2010 that the training had strengthened negotiating skills and research capacity which would support the WTO and FTA trade negotiations, but also cautioned that it was challenging to quantify the impact of Commission (p.20). While also praising the effectiveness of training for negotiation capacity, the Vietnam Country Strategy Evaluation of 2011 had concerns if the quality of the training had improved or as stated in the report: 'Available documents do not provide much information as to whether the quantity and quality of training/capacity building has actually increased over time' (p. 43). As concerns regional negotiations (e.g. ASEAN free trade area) the training has also improved capacities substantially.

Source: country fiche

In neighbouring **China**, coaching and professional dialogue between specialist at the EU Delegation and their Chinese counterparts has also proved effective and was well appreciated, inducing the Country Strategy Evaluation of China (2007) to call for more specialised human resources in the EUDs.

Source: country fiche

In the **Philippines**, *there is a similar narrative of the Commission provide assistance to trade negotiations, primarily through larger TA programme (TRTA I & II, see Country Strategy Evaluation, 2011).*

Source: summary of evaluations report

In **Egypt**, *the picture is more mixed with substantial TA and training interventions being deemed effective at the individual level, but institutionally this was compromised due to high turnovers and lack of attention to strengthening systems that could retain institutional memory and capacity (Mid-Term Evaluation of TEP A, p. 13, 2007).* The Commission's TRA has focused on units in MoTI, most notably the Association Agreement and WTO units. The AA unit has achieved 'a good level of knowledge of EU trade-related legislation, though still insufficient practice for legal drafting' (TEP A Final Evaluation), but the capacity has largely been retained. Training quality was overall good, but several interviewees noted that the framework contract modalities of EU made the selection somewhat arbitrary as it was not possible to target recruitment of a particular trainer directly. This compromised, at times, the quality of the training, not only to trade negotiation but also in general (see field report). The WTO unit was the primarily receiver of training for trade negotiation capacity. Over the evaluation period, the staff of the WTO unit was doubled to reach 50 officers, who were all trained at least once. This generated improvement in the ministry staff's capability to perform complex analytical tasks of trade issues and in building middle-management capabilities (TEP A Final Evaluation). Here there were also some issues of the quality of individual trainers, but generally appreciation of the provided inputs that have proven relevant and of adequate levels of competencies. Here, the core issue has been one of management practices undermining the effectiveness and sustainability. Or as stated in the final evaluation of TEP A: "The training provided under the programme was focussing on the technical outputs of the staff trained, and not on their contribution to a 'corporate governance' scheme. It may be feared that in this light, that the effectiveness of the people trained may be limited to their immediate technical capacity, rather than being integrated to an overall 'results-achieving' policy-oriented public administration. It has been found in many cases difficult to establish the effectiveness of activities undertaken and therefore the sustainability of results achieved. One reason for this was to be found in the very mobile pattern of benefiting agencies. In very few cases was it possible to find job descriptions in which the training provided was justified. It may be found that, in this light, training provided may not have benefited, in a lasting way, so much to the institution that was supported, as simply to the trainee to which capacities were provided. The sustainability of capacities provided to institutions, through training of its staff, may be found vulnerable to staff turnover" (pp. 13-14). This has been confirmed through interviews during the field phase and again points to the need for substantive capacity development analysis prior to engagement. Also the age profile (with some near retirement benefitting) has also been seen as reducing effectiveness. More efforts should have been invested in institutionalising support.

Sources: country fiche, field mission

In **Zambia**, several projects have had as objectives to increase the negotiation capacity but with mixed success. As stated by the Mid-Term Evaluation (2005) of the Export Development Programme: ‘Zambia has not developed significant expertise in government to deal confidently with trade issues and engage effectively in international trade negotiations.’ However, the programme did, according to the final evaluation of 2008, contribute to improved national *management* of the trade negotiations, and later efforts proved more helpful, although training quality varied (see field report). However the approach to training, ensuring networking and dialogue, was much appreciated. Working across a broad range of stakeholders was also appropriate to ensure appropriate input to develop positions. The challenges of un-conducive environment for making capacity ‘stick’ was also partly an issue as high staff turnover (see field report). Again, this suggests that especially in weak environments, attention should be invested in analysing contextual factors inhibiting capacity development.

Sources: country fiche, field mission

In **Ghana**, under the PSTEP, a technical assistance package to support negotiations of EPA with GoG was provided consisting of meetings, seminars, studies. However this was mainly at the initiative of the EU and was not based on any capacity needs assessment nor did it facilitate progress in EPA negotiations (ROM, 2010 and field report). This indicates slightly inappropriate TA rather than poor quality.

Sources: country fiche, field mission

Neighbouring **Cote d’Ivoire** offer a different EPA experience with the partner government appreciating the TRA training although it has been difficult to assess the quality hereof. Key has been to focus training on core drivers attach to the ministries that could provide continuity. This has enable EU to remain engaged with government on trade and TRA issues through a period characterised by volatility and instability.

Sources: country fiche, field mission

In **Cameroon** the PASAPE programme, which was designed with a strong trade negotiation capacity related to EPA, has not been successful in this respect. The resources originally intended to reinforcing capacity for EPA negotiations have been re-directed to the other components of increase of business competitiveness as there was no demand for the EPA negotiation capacity offered.

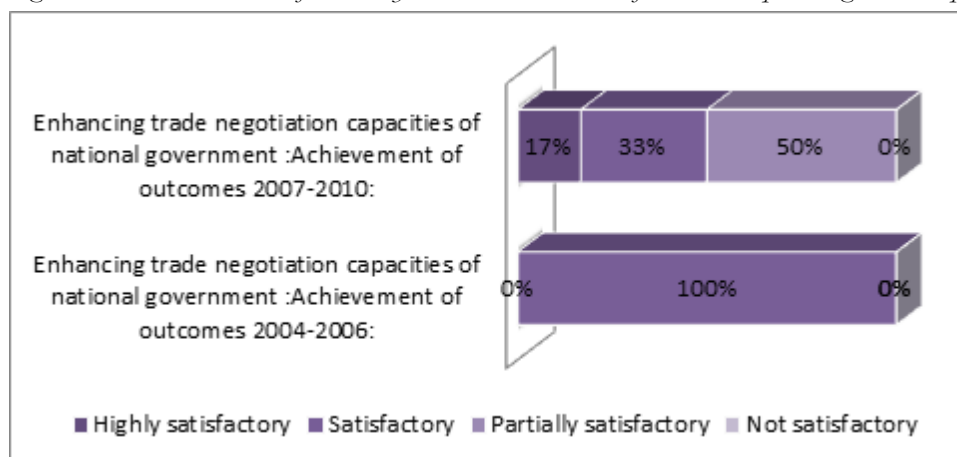
Sources: country fiche, field mission

4.3.2 I 4.3.3 Timeframe and progress in reaching stated objectives of trade negotiations in e.g. dispute settlement/arbitration.

Also in this case there is limited hard evidence on improved pace of trade negotiations and goal attainment in terms of winning disputes. Globally the EUDs report that the outcome from support to trade negotiation has been slimly less satisfactory over the evaluation period as documented in the figure below.

In sum, there has been a slightly decreasing focus in TRA on reaching specific trade negotiation targets and also a somewhat corresponding decrease in the effectiveness hereof. Most successful interventions appear to have taken place in the earlier part of the evaluation period, whereas demand may have weakened later. Also progress on EPA has been less than initially expected.

Figure 23: Results of the survey to EUDs: Outcomes of TRA to improve negotiation capacity



Source: EUD survey

Whereas all relevant EUDs reported satisfactory or better achievement in the early part of the evaluation period, only half did so in the latter period, again perhaps also reflecting decreasing partner demand and commitment to this area.

However there are examples where the Commission has played a positive role in progressing partner countries in their trade negotiations. The Commission has thus assisted **Vietnam** in meeting its WTO accession ambitions, where the MUTRAP project plays an important role. The Commission has also assisted in improving compliance and offered advice on better exploiting the trading opportunities granted by e.g. WTO accession.

Source: country fiche

There is a weak evidence base on other trade agreements, but indications are that **regional trade agreement** and EPAs have progressed unevenly with slow progress in especially ACP but with some traction in Asia, not least **ASEAN** where the Commission has also assisted several countries in addition to the ASEAN secretariat. In **COMESA** an Interim EPA was achieved with all non-LDC and Madagascar in time to avoid disruption of trade relations following the end of Cotonou Preferences, deadlines and milestones continue to be missed with a large number of outstanding issues to be addressed before a full EPA can be concluded.

Source: field missions to ASEAN and COMESA

Both in **Cameroon and Ghana**, EPA negotiations have virtually stalled with EU TRA being unable to ensure progress (see the field reports), but interim EPA have been signed and initialled respectively.

Source: field missions to Cameroon and Ghana

In **Egypt**, there is no hard evidence on the degree to which timeframes and progress has improved during the evaluation period. EU TRA supported the WTO unit by e.g. delivering a manual of procedures, complying with WTO, the EEAA requirements and international best practices to be used in the framework of trade remedies investigations. Related training was also provided and appreciated. Interviews generally indicated that TRA had been effective and there is also a marked improvement in the Egyptian 'trade defence' which at times can impact negatively on its main trade partners, EU included. Moreover support has also been granted to the AA unit which has assisted in negotiations to further increase market access in bilateral farm trade which was concluded in 2009.

Source: field mission

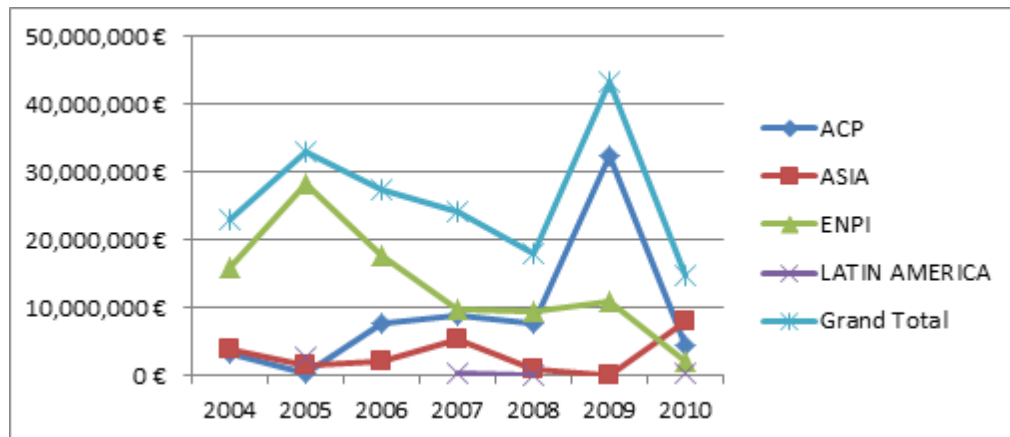
5 EQ 5 on trade facilitation

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

5.1 JC 5.1: Commission's interventions contributed to simplification, standardisation and harmonisation of trade procedures

Globally the EU has funded Trade Facilitation to the tune of 184,248,439 € during the period covered, which amounts to 5.6% of the total. Over time, funds disbursement has varied considerably, with the year 2009 showing the highest investment in this area across the world.

Figure 24: *Analysis of funds dedicated to Trade Facilitation over the Period, by region*



Source: Inventory

5.1.1 I 5.1.1. Diagnostic studies, gap analysis, policy plans produced

Diagnostic studies and gap analyses, and to a lesser extent policy plans were used in Bangladesh, Egypt, Vietnam, Côte d'Ivoire, Ghana, Cameroon, Zambia, COMESA and the ASEAN region. This constitutes the majority of the countries in the sample where Trade Facilitation took place – for other countries there is a lack of hard evidence in relation to this indicator.

The type of analysis carried out differs according to the specific Commission TRA focus in the respective country, with the broadest in Bangladesh.

Source: CSPs and RSPs

In **Bangladesh**, the Trade Support Programme (Post Cancun) (BTSP) carried out 8 comprehensive studies of trade-related issues with subsequent analysis by the Ministry of Commerce and other ministries (Component 2).

Source: BTSP Mid term review, p2, 23-24

In **Egypt**, gap analyses were carried out for the identification of training needs, however detailed diagnostic studies were not carried out and gap analysis were patchy. Policy plans produced formed part of the policy of introducing model custom centres, facilitating interaction between private sector and customs in a single location, which simplified container examination procedures for example in Alexandria.

Source: Mid-Term Evaluation 2006, TEP A, p. 26

In **Vietnam** the Commission TRA assisted in successfully institutionalising a permanent and effective channel of communication and information exchange between Government agencies and their stakeholders, especially businesses, industrial associations and standards-setting or regulatory organisations, and facilitated **stock-taking of the commitments undertaken** by Vietnam under regional organisations and analysis of best practices in regional trade liberalisation/facilitation.

Source: country fiche

In the case of **ASEAN**, *facilitation of a Training Needs Analysis for customs lead to 30 Human Resource Development (HRD) recommendations and a strategic plan and roadmap for ASEAN HRD*, along with a compendium of HRD Best Practices in ASEAN Member States (AMS), which were found to be effective by AMS, despite the hugely different HRD situations and training needs to meet ASEAN standards for customs administration.”

Source: regional organisation fiche of ASEAN; MUTRAP II - Multilateral Trade Assistance Project, MUTRAP final report.

In **Cameroon**, *mention is made in the Mid-term review that the PAPMOD project responds closely to the needs identified in diagnostic studies carried out*, and that the activity forms part of the overall modernisation of customs initiated in 2004 by the GoC, and consolidated in 2009.

Source: country fiche, field mission

For other countries, diagnoses have either been carried out using information from the countries themselves, such as in **Ghana**, where the Commission based the customs intervention on previous diagnostic studies carried out by the GoG (*source: Field Visit*), and in **Côte d’Ivoire**, where a number of studies for sectors with export potential are considered to be the basis for subsequent support.

Source: field missions to Côte d’Ivoire and Ghana

At the global level, **TradeCom** *supported an increasing stream of planned diagnostic studies in areas such as trade in services, agricultural diversification, EPA impact assessments, financial services and telecoms etc.* By mid-2010, 36 impact assessment, trade diagnostic studies and briefs had been prepared, covering four countries and ROs of this sample: **COMESA, Cameroon, Ghana and Zambia.**

Source: final evaluation of TradeCom

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 World Trade Organisation (WTO) compliance.

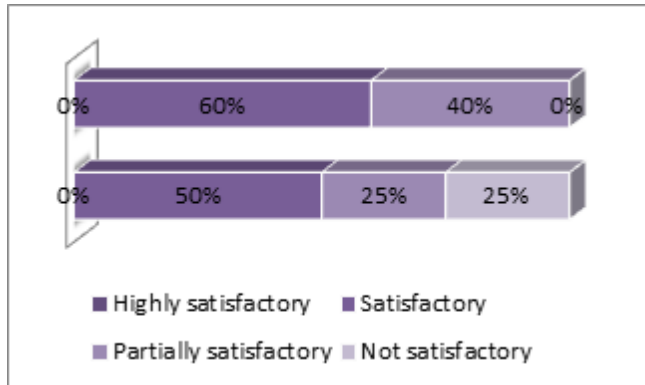
5.1.2 I 5.1.2 Level of legal and regulatory adjustments: simplification, standardisation and harmonization regarding the type and quantity of documents (incl. licences) required for exporting and importing goods

This is an area where the Commission has played an instrumental role in working towards increased legal and regulatory adjustments in the countries assisted.

The survey results show that the EU Delegations increasingly prioritise the reduction of trade-related transaction costs through legal and regulatory adjustments throughout the evaluation period. There is also a clear positive trend in the assessment of the achievement of outcomes. While for the first period, half of the EUDs assess the achievements as “not satisfactory” or “partially satisfactory” and half as “satisfactory” or “highly satisfactory”, for the second period the majority assesses the achievements as “satisfactory” or “highly satisfactory”, and no Delegation rates them as “not satisfactory”.

Source: EUD survey

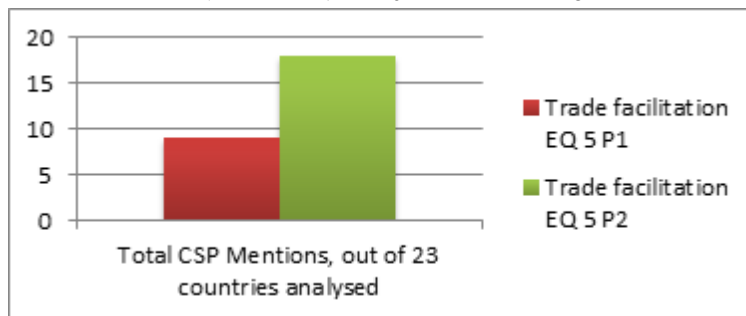
Figure 25: Results of the survey to EUDs: Degree of achievements of TRA support related to reducing trade-related transaction costs: Achievements: 2004-2006 (bottom bar) & 2007 – 2010 (top bar)



Source: EUD survey

This is backed up by an analysis of the CSPs, which reveals that the focus on Trade Facilitation grows substantially between Period 1 and Period 2 of this Evaluation, as illustrated in Figure 26.

Figure 26: Analysis of CSPs: Trade Facilitation as part of the CS in Period 1 (2004-2006) and Period 2 (2007-2010), out of 23 countries analysed



Source: CSP analysis

Regarding interventions carried out in the area of legal and regulatory adjustments, these can be clustered into the following categories:

- 1) Commission *analysis of shortcomings and gaps* in existing legal and regulatory regimes
 - **China:** Further harmonisation on application of SPS measures needed. *Source: CSP/RSP analysis.*
- 2) Commission contributions to *specific adjustments*
 - **ASEAN:** significant contributions to the preparation of common regulatory regimes such as in cosmetics and Electrical & Electronic Equipment (EEE), preparation and adoption of common trade documents, e.g. ASEAN Harmonized Tariff Nomenclature (AHTN) and ASEAN Customs Declaration Document (ACDD), although there is no agreement on the latter as yet.

Source: *country fiche, ASEAN Programme for Regional Integration Support II (APRIS II), Mid-Term Review 2008, p. 26*

- **Egypt:** contribution to trade facilitation by helping to: Reinforce the public administration's capacity to harmonise legislation and regulations with international and particularly EU frameworks and decreased trade barriers and non tariff measures.

Source: *Egypt Country Strategy Evaluation 2010, p. 65 (35)*

- **Ukraine:** Contribution to approximation of the legal and regulatory framework governing economic activity to that of the EU, however without noticeable positive impact on the business climate. Entrepreneur associations and analysts underline that a heavy administrative burden still weighs down on enterprises.

Source: *Ukraine Country Strategy Evaluation 2010.*

- **Vietnam:** The MUTRAP III activities in regard to consumer protection have been relevant, coherent and have added value but further amendments were necessary. The activities undertaken in regard to anti-dumping measures were relevant to the (urgent) need for action at

the time. They were coherent, added value, were carried out effectively and efficiently, and are likely to be sustainable. *Source: country fiche, MUTRAP III, MTR 2010, p. 2.*

- 3) Commission contributions to the *implementation* of adjustments
- **Egypt:** The TEP C programme, through its training activities, made important contributions (a) to streamline and harmonise customs procedures according to international best practices, (b) to modernise customs operational tools and (c) to upgrade customs professional capabilities at the technical, managerial and institutional levels. State and provincial levels, between provinces. *Source: country fiche, Trade Enhancement Programme C - Technical Assistance for Customs Reform (TEP-C), Final Evaluation – January 2008, p. 24 (17)*
 - **Vietnam:** Increase of business awareness of anti-dumping procedures threatening Vietnamese exporters and assistance to follow export strategies which may avoid the initiation of such procedures. This is a good example of an activity prepared to overcome an immediate problem, and which had a practical effect. *Source: country fiche, MUTRAP III, MTR 2010, p. 2.*
 - **Cameroon:** The PAPMOD programme (started 2010) is assisting in the national customs modernisation plan, through overhaul of procedures, development of internal and external communication systems, and traceability and transparency of customs operations. *Source: country fiche*

Bangladesh: Global Scheme of Preferences (GSP) certificate issuance and monitoring is being digitalized and simplified, and has advanced substantially through the component 3 of the ongoing EU funded project Trade Policy Support Programme (TPSP), which is a continuation of the BTSP. *Source: Action Fiche N°1 For Bangladesh, p. 4*

- 4) Commission contributions to *infrastructure development* to facilitate the implementation of adjustments
- **Egypt:** Under TEP B, Model Customs Centres (MCCs) have been introduced, Logistic departments have been created, and an Account Management System (AMS) developed at the CRU (Cairo) for the top traders (396 currently on the client list) has improved the release time of goods. Single Window, one-stop-shops were established and disputes have dropped from 30-35% (2004) to less than 1% (2007). *Source: country fiche, MED/2003/004-150 - Trade Enhancement Programme B, TEP-B, ROM report MR-102329.01, p. 3*
 - **Ukraine:** The main instrument of the Commission's support has been the Ukraine-European Policy and Legal Advice Centre (UEPLAC) to underpin the understanding, implementation and ownership by the Ukrainian authorities of the whole process of approximation to EU principles and laws in all areas mentioned in the PCA. *Source: country fiche, CSE Ukraine*
 - **Ghana** The introduction of the Ghana Community Network (GCNET, that aimed to automate and computerise paperwork between trade operators, revenue agencies and regulatory bodies through a single window) has been accompanied by the necessary legal and regulatory frameworks that have allowed clients to deal with frontline agencies online, particularly CEPS, in a single consolidated regime. At the Port of Tema GcNet, co-location led to more joint examinations between Customs, Inspection Agencies and relevant Government MDAs, departing from the previous practice of separate examinations of containers (see TSSP Final Evaluation). *Source: country fiche, field visit*

TradeCom aimed at strengthening the institutional capacity for the implementation of international agreements. Trade-related regulations were reformulated and technical barriers to trade or other difficulties in complying with international trade agreements were identified and in some cases overcome or reduced through pilot schemes for institutional capacity building in trade support services.

Source: final evaluation of TradeCom

5.1.3 I 5.1.3 Framework for coordinated enforcement mechanisms at national level (inter-institutional cooperation) in place

It appears that the Commission's TRA has not consistently focused on this key implementation area for improving enforcement mechanisms. In terms of results there is very little information to show the existence of such frameworks or an increase in coordination of enforcement between institutions in any of the countries. In any case this is an area which requires strengthening for obtaining greater synergies and simplification of procedures, and to obtain greater lasting impact.

In **Egypt** it had been taken for granted that each 'component' of the trade supporting pattern would be in a position to play its role and that appropriate interaction would take place between each component. This had not been the case and the importance of some components was not well understood by strong actors of other components. In general there was some progress on better enforcement mechanism through interagency work most notably the Model Custom Centres (MCC). However, in many other cases there was limited progress on e.g. making an overall export strategy that could provide a coordinating mechanism for the many agencies involved in this area. Similarly with testing, standards and certifications there was considerable overlapping functionality and limited coordination.

Source: field mission, country fiche; Trade Enhancement Programme A (TEP A), Mid-Term Evaluation – September 2006 p. 37-39

As part of EU-**ASEAN** projects, such frameworks do not exist at the level of ASEAN member states.

Source: field mission, region fiche

In **COMESA**, The Non Tariff Barrier Monitoring Mechanism (NTB MM) has been established throughout the Tripartite region of COMESA, EAC and SADC. This is however co-ordinated by DFID's regional programmes, whilst in COMESA it has been supported by the EU funded RISP. With the Tripartite, which has been supported by the RISP, the issue of overlapping membership and conflicting requirements should also be addressed.

Source: field mission

In **Ghana** The GCNet was accompanied with better coordination between many customs and trade related agencies, but other than that, limited coordination was in place during the evaluation period. Indeed a key reason for the PSTEP implementation challenges was the weak coordination between the Ministries Departments and Agencies (MDAs).

Source: field mission

In **Bangladesh**, while there is no direct EU contribution in this area, the Bangladesh Investment Climate Fund (BICF), which is partly funded by the EU, is also implementing customs simplification projects at 8 land border stations in India, Nepal and Bhutan. This specific intervention, however, is funded by DFID.

Source: field mission

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

5.2.1 I 5.2.1 Design of customs reforms and upgrading based on modern principles (RKC etc.)²⁰

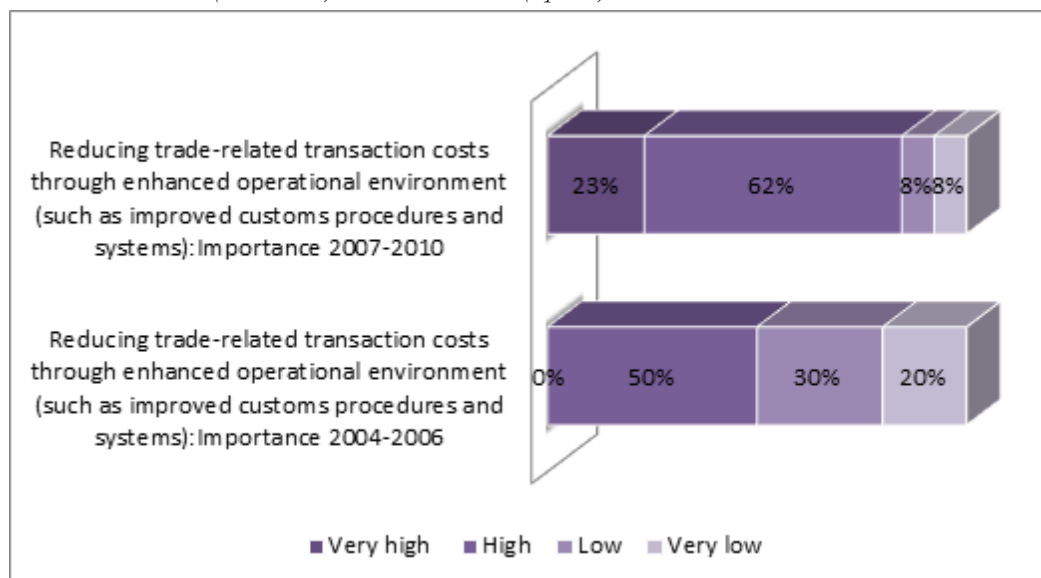
There is strong evidence that the Commission worked on designing custom strengthening based on modern, but also contextualised principles.

On a global scale, from the EU Delegation survey there is a clearly positive trend regarding the importance of reducing trade-related transaction costs through enhanced operational environment (such as improved customs procedures and systems). While for the first analysed period (2004 to 2006) half of the Delegations consider the importance as "high", 62% do so for the second period and additionally 23% consider its importance as "very high".

Source: EUD survey

²⁰ The RKC is an international agreement that provides a set of comprehensive customs procedures to facilitate legitimate international trade while effecting customs controls. It is widely considered as the "blueprint" for customs modernisation and thus facilitating legitimate trade, with key principles of simplified and harmonised customs procedures, such as predictability, transparency, due process, maximum use of information technology, and modern customs techniques (e.g. risk management, pre-arrival information and post-clearance audit).

Figure 27: Results of the survey to EUDs: Importance of reducing trade-related transaction costs. 2004-2006 (bottom bar) & 2007 – 2010 (top bar)



Source: EUD survey

This data is confirmed by the findings of the evaluation, as can be seen from the following examples (ASEAN, COMESA, Cameroon, China, Egypt and Ghana)

In **ASEAN**, the Commission has through its APRIS II Programme contributed directly and extensively to custom reform, designing a fully computerised ASEAN Customs Transit System (ACTS,) thereby helping to guard against fraud.²¹ In addition, it contributed with the design, development and gradual implementation of an ASEAN e-Customs system and the introduction of an ASEAN Single Window (ASW), under which each ASEAN Member State is developing harmonized customs procedures to facilitate electronic handling of traders' customs applications, the simultaneous processing of data by the various authorities connected to the system (customs, standards bodies, sectoral Ministries etc.), and a single decision-making process by the NSW for the purpose of customs release and the subsequent clearance of cargo.²² An ASEAN Customs Declaration document (ACDD) is a key part of the ASW process and is being harmonised throughout the ASEAN region in line with the format annexed to the Protocol to Establish and Implement the ASEAN Single Window. APRIS II Programme has been instrumental in getting the ACDD to this stage, according to the Commission's own assessment.

Source: field mission, regional organisation fiche

In **COMESA**, under RISP, several interventions addressing customs were planned, e.g. "Support implementation of a computerised customs management system" and the implementation process of the Customs Union Protocol was on course. Specific activities were also planned on aligning national tariffs on CTN and adopting HS2002 and WTO valuation codes and reviewing CU revenue collection systems and administrative procedures. The application of the Change in Tariff Heading criteria in the COMESA Rules of Origin were negotiated and agreed with RISP support.

Source: field mission, regional organisation fiche

In **Cameroon**, the design of the PAPMOD programme is considered to be of good quality, though efficiency of implementation is medium. The programme forms part of a very ambitious overhaul of Customs services being implemented by the government already in 2004.

Source: country fiche: ROM reports

²¹ APRIS II, Flyer 5, Modern Regional Transit Transport System: ASEAN Customs Transit System (Acts) To Ensure AEC Trade Facilitation

²² APRIS II, Flyer 4, Harmonising Customs Clearance Procedures: The ASEAN Customs Declaration Document.

In **China**, according to the ROM report, the project EU-China Project on the Protection of Intellectual Property Rights 11 (IPR 11) provided support to the future elaboration of the customs action plan. Furthermore, essential groundwork for the customs action plan was carried out thereby contributing to improved vision and understanding.

Source: country fiche

In **Egypt**, TEP-C supported the Egyptian custom reform programme, which was based on a blueprint elaborated by TEP-C. The initial blueprint for customs reform in Egypt was outlined in 2002 in a draft document by the International Monetary Fund (IMF). On the basis of this document the GoE initiated a comprehensive customs reform programme.

Source: country fiche, TEP-C, Final Evaluation – January 2008, p. 12 (5)

In **Ghana**, The GCNet and associated reforms were designed based on modern principles (prior to the evaluation period), and subsequent reforms on customs valuation and fee procedures implemented during the TSSP (2006-2010) were based on modern principles and PSTEP build on the TSSP indirectly through budget support.

Source: country fiche, TSSP Final Evaluation, 2012

TradeCom FA provides support to the diagnosis and evaluation of the conformity of existing trade related laws with WTO rules and regional integration processes.

Source: final evaluation of TradeCom

The case of **MERCOSUR** provides a contrasting example, as *there has been little progress* in advancing the adoption of a common Customs Legislation, simplification of formalities and greater transparency in customs procedures, as well as the modernisation of human resource management in preparation of the role Customs would play in the regional framework. So far only some capacity building of institutional technicians (training) was carried out, however this was not due to a lack of planning or faulty design, rather the *lack of success was attributed mainly to difficulties in implementing the project linked to political differences within the MERCOSUR itself.*

Source: field mission, regional organisation fiche, PADUEM Customs Cooperation project Final Evaluation.

5.2.2 I 5.2.2 Evidence of strengthened customs procedures and systems (automation, transparency, number and content of complaints, etc.)

Overall, there is evidence that confirms that customs procedures and systems have been strengthened. However, quantifiable data is not available in most cases. Although EU and in generally donor support to the customs sector has not resulted in an overall clear, short term efficiency gains in assisted countries, distinguishable from general improvements, it has been taken into consideration that **custom reforms tend to be long-term processes.** In any case, the main focus on customs has been in the latter half of the evaluation period.

In Bangladesh, the EU contributed significantly to the introduction of an automated clearance system in the customs house in Dhaka, with great success as the following numbers show²³:

- Time required for clearance of goods: reduced from 6 days to 3 days
- Administrative steps required for the clearance of imported goods: reduced from around 40 to less than 20
- There was also the attempt to study the savings due to reduction in red tape: it is estimated that cost of compliance was reduced from around US\$15 million to around US\$8 million

²³ Bangladesh Investment Climate Fund, Phase I (funded jointly by IFC, EU and DFID)

- As this project was so successful, this will be copied in other important clearance/customs houses (next will be Dhaka container terminal)

Source: BICF report on Regulatory Simplification, p.3, field mission

In the **Philippines**, improvement to customs procedures is one of the best documented examples in this regard. As a result of TRTA 1 the customs process improved markedly: cargoes or shipments targeted for yellow or red-lane (medium and high risk products) inspection have declined from 80 % to 20 % over the duration of the project. Moreover, clearance time has been reduced to less than 8 hours for “green lane” (low risk) entries.

Source: summary of evaluations report

The Commission contribution to the **qualitative strengthening** of customs procedures is evident in the case of **ASEAN**. APRIS II has made a significant contribution in specific sub-components of ASEAN Customs Declaration Document, Training Needs Analysis blueprint and data harmonization. It also contributed to the development of an ASEAN customs Data Model and common Customs Declaration Document; the detailed design, pilot testing and gap analysis in Member States for an Air Cargo Clearance Model; initiated a pilot scheme for the self certification of Rules of Origins and finalised an HRD blueprint and regional training plan, together with a Blueprint for Customs Integrity. However, no information is available on what extent customs procedures and systems have indeed become more efficient and effective, resulting in an inconclusive quantitative analysis.

Source: regional organisation fiche: Mid Term Review Of The ASEAN Programme For Regional Integration Support II (APRIS II), Final Report, September 2008, p. 2; <http://lpisurvey.worldbank.org/>

In **Egypt**, TEP-B contributed to the establishment of Model Customs Centres (MCCs), Logistic departments (the first one opened in February 2008 and the second in March 2008 in Alexandria Port) have been created, and an Account Management System (AMS) developed at the CRU (Cairo) for the top traders.

An increase in the volume of imports/exports has been witnessed. AMS has the 396 top companies (with a target to reach of 600) as clients. This has reportedly improved a quicker release time of goods. The results are visible and considered very useful.

Furthermore, Single Window, One-stop-shops were established and disputes have dropped from 30-35% (2004) to less than 1% (2007).

Important contributions were made by EU TRA to streamline and harmonise customs procedures according to international best practices, to modernise customs operational tools and to upgrade customs professional capabilities at the technical, managerial and institutional levels.”

TEP C has also contributed towards establishment of a functioning Customs Risk Management System. While USAID funded TAPR II programme took responsibility of the provision of the appropriate software, the TEP C provided the needed hardware as well as the training in the specific technical applications.

An important area, where a valued impetus has been achieved is the revision of the post-clearance control & audit functions (PCA) within ECA. This is an area, where important steps have been made due to the TEP C support. The ECA has started to apply WTO valuation procedures, leading to increased transparency in customs valuation.

As a result of TEP C training activities, institutional capacity is increasingly created concerning the creation and access to valuation databases.

A further important area, to which training activities have been oriented, concern the strengthening of middle management capacities enabling them to play a major role in the overall modernisation and upgrading of customs services at the various technical levels.

All these activities and results have, however, to be seen in the light of the improved relationship with the private sector and the wider trade community, as a result of the initiated changes towards a modernised custom service. Incentives for escaping normal customs procedures have been reduced and more productive overall control systems have contributed to reduce actions of fraud.

Still in **Egypt** the TEP C impacted on several indicators and *customs clearance time was reduced from a mean of 15 days in 2004 to 13 days in 2006* (see GoE: Evaluation of TEP C). Furthermore, the general improvement has continued and both time and cost of imports and exports have fallen since TEP C. While attribution is difficult (USAID and especially GoE itself clearly also contributed) EU TRA clearly contributed hereto. Also there was a decline in the number of *customs complaints* during the evaluation period, which went from

143 complaints per year in 2004 down to an average of 53 per year in the following 6 years. 2010 saw an increase up to 88 complaints, but this should also be seen in the light of overall increasing exports which may cause a corresponding rise in complaints.

Preliminary and higher arbitration number of cases referred to *preliminary* arbitration was reduced from 4,100 in 2004 to 174 cases in 2010, which corresponded to a 96% drop. As for the number of cases referred to *higher* arbitration, they were reduced from 2,729 cases in 2004 to 142 in 2010, which also corresponded to a 96% drop. The Commission's TRA played a role in this but more so did the introduction of WTO valuation standards which reduced the need for arbitration.

Finally the EU TRA has supported post-clearance audits with substantial capacity development in the form of training and with a new post-audit system in place in 2006. Here the figures were also encouraging:

Table 5 Post clearance audits in Egypt

Post-Clearance Auditing Indicators 2007-2011:				
	2007	2008	2009	2010
Number of planned company audits	239	587	857	350
Number of conducted company audits	64	278	544	436

Source: ECA figures

Here the attribution to the Commission's TRA is rather weak though, as the training was mostly deemed as too theoretical, generic and with limited practical applicability (*Field report*. See also GoE: Final Evaluation of TEP C). However, the post-clearance audit manual developed with support of EU was useful and being used.

Source: country fiche: MED/2003/004-150 - Trade Enhancement Programme B, TEP-B, ROM report MR-102329.01, p. 3; Trade Enhancement Programme C - Technical Assistance for Customs Reform (TEP-C) Final Evaluation – January 2008, p. 24 (17); field mission

In **Tunisia**, the Integration Support Programme (PAI), funded jointly by the EU, ADB and WB, stated that by the end of the project in 2010 the operation of the Rades' (main port in Tunisia) one-stop-shop, "transport bundling" and the other measures provided for in the programme resulted in a substantial reduction in port transit time: from 5.6 days in 2008 to 3 days in 2010.

Source: PAI End of Project Report, AFB ([http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/TUNISIA_PCR_Integration_Support_Programme_\(PAI\)%20\(2\).pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/TUNISIA_PCR_Integration_Support_Programme_(PAI)%20(2).pdf))

In the case of **COMESA**, RISP supported the promotion of Customs unions, in particular the implementation of ASYCUDA, a key component of the Regional Information and Communication, Technology Support Programme (RICTSP), and the implementation of other systems and tools such as the Regional Customs Transit Guarantee Scheme and EUROTRACE system. According to the Commission's own reckoning, "The Programme has provided a tremendous support to the EPA process and has helped implementing trade liberalisation, and market integration, including the promotion of CUs all over the region. Building the institutional framework of a common market, where CUs are being created / consolidated, remains a challenge. Different interim EPAs and the advancement of EAC CU compared to COMESA emphasise the issue of harmonisation as the best way to address the regional disparities and asymmetries in the market integration process." By the end of RISP I, all COMESA Member States had applied the WTO Valuation Code. Assistance to the adoption of ASYCUDA by several Member states was also supported via a Contribution Agreement to UNCTAD.

Source: regional organisation fiche, field mission

In **Ghana** there have been strengthened customs procedures, most notably through the implementation of the GCNet. While other factors have also played a role this has impacted on customs clearance time that has been reduced which in turn has reduced time to im- and export. Also private sector representative reported much lower instances of corruption and fewer complaints due to increased transparency and automation.

Significant progress was made on customs with the TSSP (Trade Sector Support Programme). EU TRA related to these achievements as the PSTEP linked incentives to custom related triggers for tranche release of budget support.

Source: country fiche: Private Sector and Trade Enabling Programme (PSTEP), FA p.31; field mission

Ukraine: *The one-year project “Reform and Modernisation of the **Ukrainian** Customs Administration”, implemented in 2004 with funds of the Regional Programme, aimed at enhancing the effectiveness and efficiency of the Customs Service through improvements in administrative instructions, implementation of more effective customs control and clearance procedures, and introduction of risk assessment and post-clearance audit.* According to the CSE it included an important training component as well as provision of IT equipment. However, this project suffered from including too many activities in a very short period of time: 50 activities to be implemented in 10 months. Some positive developments can nevertheless be noted in the area of customs procedures. In 2006 Ukraine became a member of the Revised Kyoto Convention on the Simplification and Harmonisation of Customs Procedures. The regulation for the adoption of the Single Administrative Document entered into force in January 2008. The law amending the Customs Code allowing for ex officio action by the customs authority in respect of pirated and counterfeit goods was adopted in November 2006 and an implementation regulation was adopted. Compared to the current Customs Code, the new Code is an improvement in terms of terminology; the system of customs regimes and the rules of their use; the definition of the rules on issuance of permit documents by customs authorities; the establishment of the main principles of the simplified procedure for customs control and customs declaration of goods transported through the Ukrainian customs border; and so on. It is however not fully compliant with EU standards, in particular as regards the valuation procedure for imported goods, which is a sensitive issue for European companies exporting to Ukraine, and a source of corruption.

Some modest steps have been made towards integrated border management. Stimulated by the EUBAM project, SCSU and SBGS now undertake a common quarterly security assessment. But to date permanent coordination mechanisms have not been developed and there exists no system for maintenance and exchange of data between services and management of custom operations. However, weaknesses persist, international road transporters complain of very long waiting times at the Ukrainian borders. They point out that nine different control services are involved in checking vehicles and cargo, that Ukrainian customs officers submit vehicles and cargo to full customs and other controls and that the installed throughput capacities are underused.

Source: country fiche: Ukraine, Global Enabling Trade Report 2009

5.2.3 I 5.2.3 Evidence of strengthened customs administrations (e.g. improved HR recruitment procedures, training and management)

The concrete examples shown, together with the evidence in the previous indicator suggest that the Commission has overall contributed to the strengthening of customs administrations.

There is some overlap with the previous indicator since strengthened customs administrations are often the key to strengthened customs procedures. Insofar as this indicator can be isolated from the assessment provided under I 5.2.1, the following evidence is found.

In **Egypt**, the ROM report for TEP B states: “*As a result, the ECA (Egyptian Custom Authority) is perceived as a much more efficient entity and stakeholders met by the monitor expressed the noticeable improvement in foreign trade facilitation through the implementation of customs procedures in both Alexandria and Ain Sokhna Port.*”

The Final Evaluation of TEP-C states that the delivered training to the customs authority by short term experts was on a high level of efficiency. However all in all, while the TEP C did contribute to improve customs management it also performed below the intentions and potential, with the quality of the training being at times sub-optimal and with limited or wrong type of beneficiary buy-in.

Source: country fiche: ROM report for TEP B, field mission

In **Ghana**, improvements due to 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 a minor barrier to businesses. “Ghana can today benefit from improved trade facilitation thanks to a newly equipped, trained and staffed Customs Authority (customs clearance was reduced from 14 to 7 days).” The private sector still complains about corruption going unpunished but the level has fallen which most ascribe to GCNet.

Source: country fiche, field mission

In **Ukraine**, during the period 2002-2009 the Commission implemented in the area of border management some 40 projects which were mainly targeted at capacity-building activities targeting the State Customs Service of Ukraine (SCSU) and the State Border Guard Service (SBGS), provided equipment to these organisations, and financed the rehabilitation or construction of border-crossing facilities and of accommodation centres for irregular migrants and refugees. Independent reports on the SBGS, while not ignoring the challenges that still exist, note that “Ukraine's customs processes and system have seen many positive changes”²⁴ Another report further states that “limited progress occurred in the implementation of commitments in the area of customs. Work continued on a comprehensive customs modernization strategy. The SCSU continued to improve the use of risk management. Customs ethics remain a matter of concern. A number of other measures were introduced to improve customs powers in the area of the protection of intellectual property rights.”²⁵

Source: country fiche: CSE Ukraine

In **ASEAN**, APRIS II implemented a sub-project (activity) for the conduct of a regional training needs assessment. Based on this assessment, the APRIS experts put forward 30 Human Resource Development (HRD) recommendations and produced a proposed blueprint, strategic plan and roadmap for ASEAN HRD, along with a compendium of HRD Best Practices in ASEAN Member States (AMSs), as follows:

- ASEAN Customs Training and Development Blueprint
- ASEAN Customs Human Resource Training and Development Strategic Plan
- Human Resources Roadmap
- HRD Best Practices in AMS

Source: regional organisation fiche

In **China**, EUCTP activities bolstered better understanding of EU experience and best practice, strengthened capacity and created good contacts between China and EU institutions, which are likely to have positive and long-lasting impact on China's further progress in customs and import and export regulation reforms. Substantial impacts on capacity building and on reducing bilateral trade friction will be seen in the long run. Also in China the IPR2 project contributed to a stronger enforcement of IP and Trademark legislation deriving from customs enforcement, with an increase in the number of IP related cases processed.

Source: country fiche: Mid-Term Evaluation Of Eu-China Project On The Protection Of Intellectual Property Rights (IPR2); Final Evaluation of the Support to China's Integration into the World Trading System EUCTP II

²⁴ Magisters Insight: Ukraine's WTO Era Begins, Ukraine's Customs Service in Transition: Implications for Business and Trade, Magisters (Law Firm) 2008, <http://www.magisters.com/insight/2008-1/ukrainian-customs-in-transition/>

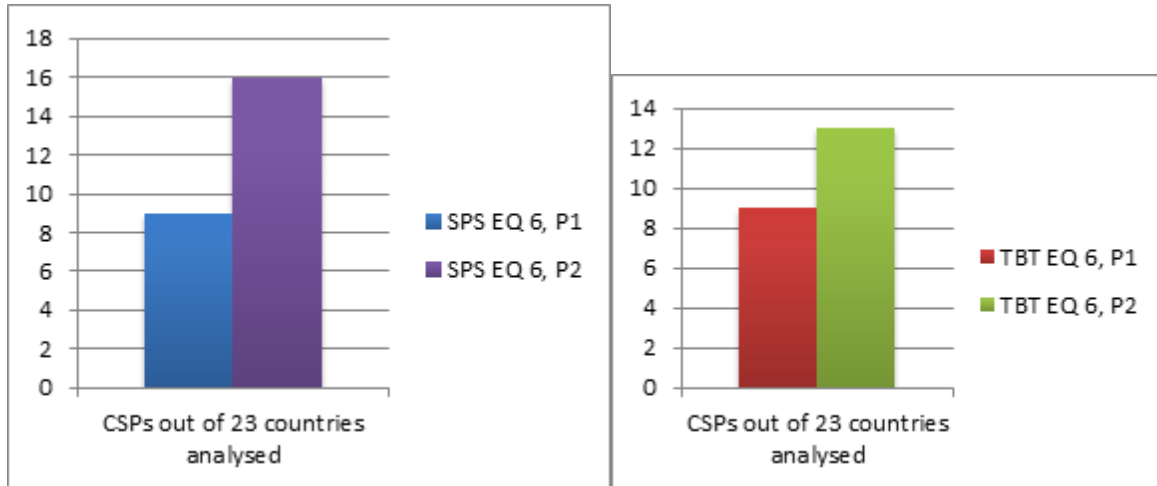
²⁵ European Commission, Brussels, 12/05/2010, Commission (2010) 524. Commission staff working document Accompanying the communication from the Commission to the European Parliament and the Council, Taking stock of the European Neighbourhood Policy (ENP) Implementation of the European Neighbourhood Policy in 2009, Progress Report Ukraine, p. 9, http://ec.europa.eu/world/enp/pdf/progress2010/sec10_524_en.pdf

6 EQ 6 on compliance and standards

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

An analysis of the 23 Country Strategy Papers in the sample shows that SPS and TBT measures were addressed in up to 2/3 of the countries under review for this evaluation. The focus on this subject increased substantially over the evaluation period in both areas.

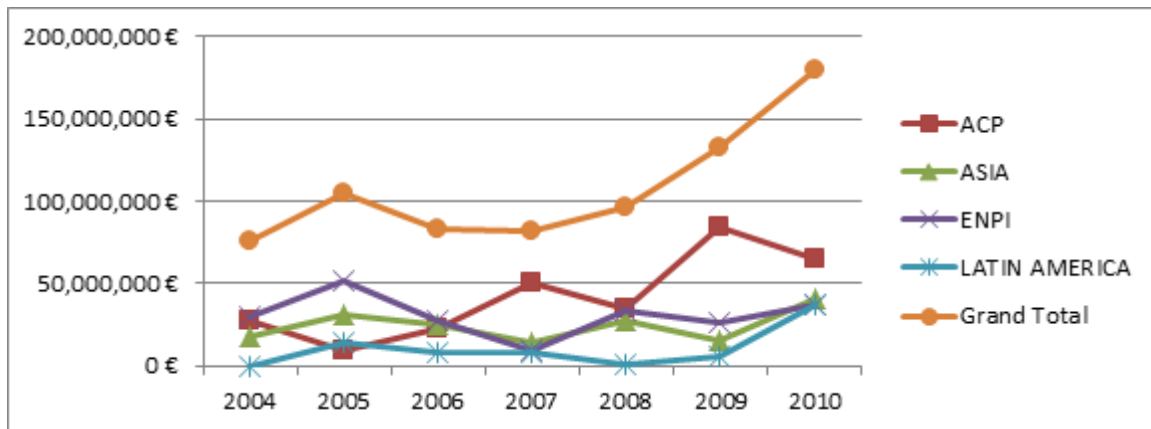
Figure 28: Countries out of 23 where SPS (left) and TBT (right) measures featured in the Country Strategy Papers, over the evaluation period (P1/P2)



Source: CSP Analysis

Overall, 23.2% of the total TRA provided during the period under review was assigned to the “Trade Policy and Administrative Management” sub-category of which trade and quality infrastructure forms part. Although the funds directed specifically at Quality Infrastructure, SPS and TBT are difficult to extricate, the following graph serves to confirm the general trend of greater attention (and funds) paid to these areas, whereby funds over the period more than doubled, and where the main beneficiaries were ACP countries.

Figure 29: Funds assigned to Policy and Administrative Management (2004-2010)

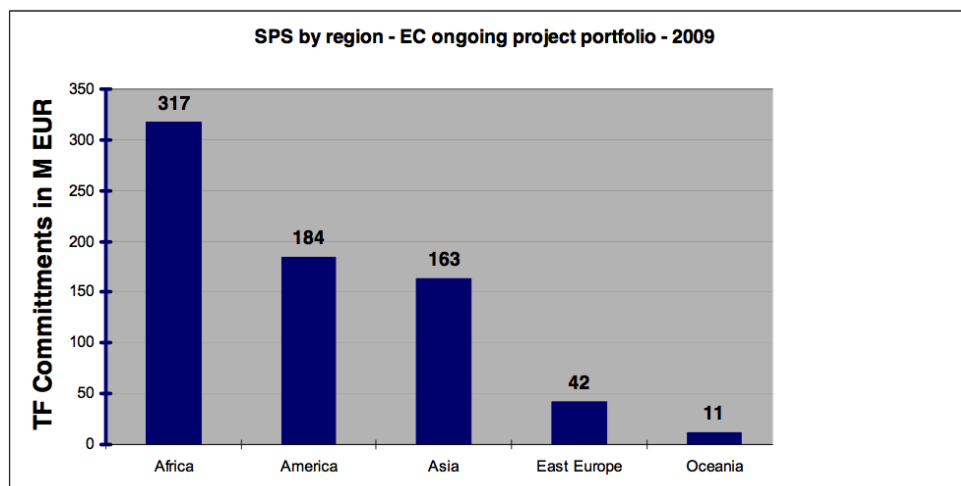


Source: Inventory analysis by Particip

Regarding the geographic spread of the funds over the second period for SPS specifically, the following graph shows how the amount of funds dedicated to countries in Africa were twice as for Asia and two fifths more than those for Latin America. These same figures are corroborated in the Aid for Trade Monitoring Report 2010

Source: Aid for Trade Monitoring Report 2010, Commission Staff Working Document, EC April 2010

Figure 30: SPS-related technical assistance and capacity building activities, 2007-2009



Source: SPS-related technical assistance and capacity building activities:
http://www.standardsfacility.org/Files/InfoDonors/STDF_EC_WG_Jun09.pdf

6.1 JC 6.1: Strengthened SPS / TBT policy, legislation and regulation

6.1.1 I 6.1.1 Institutional capacity development of Quality Infrastructure is based on situational and institutional (gap) analyses

The EU did undertake analyses of the overall situation as part of the project formulation stage of EU projects. Provision of capacity development to SPS/TBT related institutions has been provided at the request of recipient countries/regions, and actual needs determined either during the projects, through preliminary studies or previous project phases. As mentioned in relevant evaluations, although there have been some coordination issues (between donors as well as at recipient government level), the majority of interventions have fulfilled their intended role, ultimately strengthening SPS/TBT management systems.

Source: COMESA: Regional Integration Support Programme (RISP) - FED/2004/016-976, page 25, CA Annex ; ASEAN: APRIS II, Mid Term Review; Bangladesh: Ref. Trade Policy Support Programme – DCI-ASIE/2008/019-619, page 7; Bangladesh: Better Work and Standards Programme (BEST) - DCI-ASIE/2008/19620, page 6; Bangladesh: Quality Support Programme (Post-MFA)- ASIE/2004/016-809, page 29-30; Zambia: Capacity Building for Private Sector Development - FED/2004/016-972; Vietnam: Intervention MUTRAP II - Multilateral Trade Assistance Project, page 8; Vietnam: Intervention MUTRAP II - Multilateral Trade Assistance Project, Final Project Report, SERV 2: Assistance to the Ministry of Justice and other relevant Ministries and Agencies to scrutinise national legislation against GATS obligations and commitments page 32; Egypt: MED/2002/003-396 - Trade Enhancement Programme A (TEP A), Mid-Term Evaluation – September 2006, page 26

In **Bangladesh**, the BQSP project “was based on a large number of studies, assessments, analyses and action plans”. There is strong evidence that the BQSP and BEST projects were very well in line with the needs of Bangladesh’s quality infrastructure; therefore it can be assumed that the gap analysis in the beginning of the project identified the right topics and issues, and this then resulted in a greater targeting of efforts aimed at strengthening of management of (mainly) TBT matters in Bangladesh. Baseline studies for all three components namely Quality Infrastructure, Textiles and Fish Quality of BEST (Better Work and Standards Programme) are accessible via the BEST website, and comprehensive documentation is available.

Source: <http://www.best-bd.org/> (under reports); Field mission

In **ASEAN**, gap analyses to this end were conducted within the contexts of APRIS II (ASEAN Programme for Regional Integration Support II, which followed on from APRIS I, and as part of the EU’s support to the development of the ASEAN Cosmetics Directive (ACD), the ASEAN Harmonised Electrical and Electronics Equipment Regulatory Regime (EEERR) and the implementation of the UN Globally Harmonised System of Classification and Labelling of Chemicals for labelling of Chemicals. Harmonisation of technical

regulations is also underway for rubber-based products (3 standards harmonised so far), automotive, medical devices, pharmaceuticals, traditional medicine and health supplement sectors.

Source: regional organisation fiche

In **Egypt**, the Mid-term evaluation of TEP A stated: "...a Technical Assessment Mission took place (which) highlighted crucial needs...". Interviews with GOEIC confirmed that it was responsible for most of situational and institutional analysis assisted by EU TA under TEP A. Although coordination could have been improved (GOEIC had no authority over other QI providers), it did address an urgent need and facilitated the international accreditation of its QI.

Source: country fiche

In **Paraguay**, "The Project preparation phase has involved the active participation from all public and private institutions who could have formed part of the project or could contribute to its definition" (Mid-term Review of the Proyecto de Fortalecimiento de la Competitividad del Sector Exportador Paraguayo, p.9).

Source: country fiche

In **SADC**, the FSCBRC programme produced guidelines on legislation of Pesticides, Veterinary Medicines, Food Safety and Management of SPS Matters in Member States, which were adopted by Ministers of Agriculture of the 15 member countries. The Regional SPS Coordinating Committee was formed as were the corresponding 15 National Coordinating Committees.

Source: FSCBRC Final Evaluation

6.1.2 I 6.1.2 The private sector, in particular exporters' associations, have been consulted at the design stage and their priorities and concerns are reflected in assistance to the development of Quality Infrastructure

Since the private sector is the end user and beneficiary of strengthened SPS/TBT competitiveness, its involvement in the initial design stages is important. However most Quality Infrastructure and institutional reinforcement assistance was provided via support to public government bodies, and the private sector has not been involved at the outset, but has rather participated as an "end user".

One example of how development of awareness has been successfully addressed is in **Vietnam** with the setting up of SPS/TBT Portals to provide "a permanent and effective channel of communication and information-exchange between Government agencies and their stakeholders" (Final Project Review, p. 39, MUTRAP II), although the full effects will only be felt over time. Monitoring of the usage and usefulness of this tool and the resulting conclusions should be fed back into other projects facing similar awareness constraints.

Source: country fiche

In **Egypt**, relations with the private sector were mostly handled by GoE/GOEIC itself without EU support. One forum was the various trade councils representing different sectors in which standards were also discussed. There is no evidence of EU TRA support to this, but the QI proved relevant and useful indicating some consultations.

Source: field mission

In **Bangladesh**, there had been constant representation and active contribution of the private sector in BQSP. The private sector was involved in design of BQSP and BEST, and both projects' objectives reflect the needs and concerns of the private sector. BEST has even contributed to the creation of new private sector associations dealing with metrology and accreditation.

The main private sector participants in BEST are the Bangladesh Frozen Foods Exporters Association (BFFEA), Bangladesh Garment Manufacturers and Exporters Association (BGMEA), BGMEA Institute for Fashion and Technology (BIFT), Bangladesh Knitwear Manufacturers and Exporters Association

(BKMEA), Bangladesh Textiles Mills Association (BTMA) and Shrimp Hatchery Association of Bangladesh (SHAB).

Source: country fiche, field mission

In Zambia, for the prioritisation of which services and areas to support, the private sector was not consulted for the CBPSD. There has been no formal consultation with the end user. However, beneficiaries of ZABS have referred to consultations via customer surveys.

Source: field mission

Cameroon: *The Private Sector was aware of the PASAPE Quality Infrastructure. The UNIDO implemented section of the programme has set up a mixed government-private sector committee for discussion and monitoring of project implementation, which is widely considered to be successful.*

Source: field mission. PASAPE meeting minutes.

ASEAN: *The private sector was consulted on the ASEAN Cosmetics Directive as part of APRIS II*

Source: field mission

MERCOSUR: *Private consultation has taken place, as stated in the SPS project information.*

Source: SPS project reports, field mission

6.1.3 I 6.1.3 Level of coordination of SPS, TBT at national level (such as national quality council, Quality Directorate etc.)

The findings show that coordination has been increasingly addressed, especially in countries for which the EU is a key market.

Positive examples are evident in countries such as Bangladesh and Paraguay. Also in several South East Asian countries, where this issue is clearly being tackled. In Africa awareness has been raised and National Coordination Mechanisms set up, albeit not yet fully effective. Nevertheless other countries such as Egypt, and Cameroon where despite the EU's efforts there is very little cooperation between the respective Ministries and institutions.

Studies have determined that one of the main constraints to increasing the effective management of SPS matters in any given country is that, due to the wide range of issues covered by SPS (which embraces technical needs in the realm of trade, health and agriculture), a clear "meeting point" entity or committee/secretariat needs to be designated as responsible for addressing coordination of SPS-related activities. This is not the case in most developing countries – certainly the current SPS enquiry and notification points most often do not fulfil this function.

A factor that exacerbates the lack of coordination in some countries and regions is the overlapping membership of a number of **Regional Economic Communities** (RECs). This duplicates efforts, leads to a scenario of confusion and makes poor use of already limited resources.

Sources: STDF Briefing N° 8, Enhancing SPS coordination at the country level, March 2012, Nico Meyer, Tamas Fenyés, Martin Breitenbach and Ernst Idsardi, Bilateral And Regional Trade Agreements And Technical Barriers To Trade: An African Perspective. OECD Trade Policy Working Paper No. 96, 2009

At national level, the causes for poor coordination are very similar across all SSA countries, namely:

- (a) Duplication of work, resulting in the waste of scarce resources;
- (b) Conflicting / non-coherent positions, which lead to a loss of credibility of competent authorities;
- (c) Missing opportunities, including for training and capacity-building assistance; and
- (d) Loss of market access.

Among the identified causes of poor coordination was the existence of many players involved in SPS matters, as well as limited human resources. The lack of awareness of the importance of SPS at the political level and by other stakeholders was also frequently mentioned. Another survey found that out of

17 countries which reported having some form of SPS coordination mechanism in place, only one rated its functioning as satisfactory.

Sources: STDF, National SPS Coordination Mechanisms: An African perspective, January 2012; Workshop on SPS Coordination at National and Regional Levels, http://www.wto.org/english/news_e/news11_e/sps_17oct11_e.htm

In **Bangladesh**, BQSP contributed to the strengthening of standards, metrology and testing and certification capability in Bangladesh. The National Residue Control Plan (NRCP) was refined and is currently being implemented. Practises are being updated and improved through new training manuals, guides, Training of Trainers (ToT) and Standard Operating Procedures (SoP), a traceability system etc. The Bangladesh Frozen Food Exporters Association (BFFEA) is being assisted to set up an industry resource centre. BEST also works towards way to simplify the supply chain and improve efficiency.

A major outcome of BQSP/BEST is that GoB now supports the whole shrimps value chain regarding quality and food safety in a coordinated manner. The rules and procedures are harmonised at the national level.

Source: country fiche, field mission

ASEAN: The ASEAN Consultative Committee on Standards and Quality (ACCSQ) was established in 1992 to undertake all necessary measures to eliminate TBT. To enable ACCSQ to complete its tasks, ACCSQ has formed several Working Groups (WG) and Product Working Groups to undertake specific missions. Food security and safety are being addressed through various frameworks and mechanisms, including the ASEAN Trade in Good Agreement (ATIGA) – see below in indicator 6.2.1 – ASEAN Integrated Food Security (AIFS) Framework and the ASEAN Food Safety Improvement Plan (AFSIP II) under the Strategic Framework on Health Development 2010-2015.

Source: field mission

In **Egypt**, this is an area where the results were found lacking. EU TRA aimed at having one-stop shops for such SPS and TBT issues but very limited progress happened due to interagency challenges and self-interest of the organisations involved. GoE proved unwilling / incapable of taking decisive action in this area with the resulting duplication of efforts. However, EU support QI is being used and is providing valued services to the private sector indicating that this is an efficiency issue rather than relevance and effectiveness. Finally, under TEP B (budget support), the Egypt Organisation for Standards and Quality (EOS) did become the authoritative body on standards and it was critical to the implementation of international standards in line with WTO/TBT Agreement. As a result, consumer confidence in the quality of Egyptian products has been raised as they benefit from the introduction of the harmonization of standards and requirements of conformity and quality marks (see ROM report June 2008). This was one success in this area.

Source: country fiche, field mission

In **Cameroon** the EU's TRA has been targeted at building up the structural needs such as the setting up the standards institute within the Ministry of Trade, and reinforcing private sector analytical laboratories. However there still remain critical coordination weaknesses, with the TBT being managed separately by the Ministry of Industry, and SPS by the Ministry of Agriculture. There is an urgent need for these and remaining responsible GoC bodies to coordinate more their activities.

Source: field mission

In **Paraguay**, the National Quality System has been organised and strengthened as a result of the “*Proyecto de Fortalecimiento de la Competitividad del Sector Exportador Paraguayo*”,

Source: ROM 1020085

The **PAN-SPSO** project, which cooperates with seven Regional Economic Communities (RECs) in Africa, carried out activities to sensitize SPS management authorities in Africa on the importance of improved SPS coordination and provided support for the establishment and operation of national SPS committees. It aimed at enhancing the effective participation of African countries in the International Standards Setting Bodies and helped in the establishment of 30 national SPS committees. Additional support for the establishment of national SPS committees was provided to SADC Member States under

the FSCBRC food safety capacity building project. However, most of these committees have yet to be made fully operational and effective, with enabling legislation.

Source: National SPS Coordination Mechanisms: An African perspective, STDF

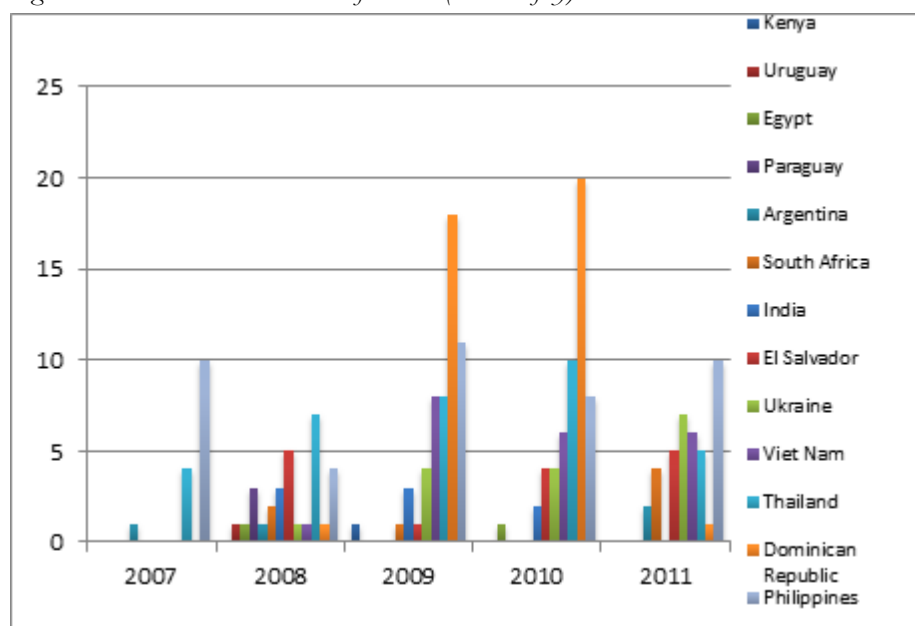
6.1.4 I 6.1.4 Evidence of systematised overviews (e.g. databases) of national technical regulation, standards and conformity assessment procedures, and national enquiry point established

EU support towards increasing transparency and availability of information has been provided in several countries and sectors where SPS/TBT have been prioritised. However the gains made are threatened by issues of sustainability and longer term purpose of these systems.

Countries which prioritise the efficient management of SPS/TBT issues are able to build a solid system for management of conformity assessments for export and import. The number of SPS and TBT notifications submitted by countries to the WTO serve as a relative proxy for demonstrating an efficient and operational system notification and reaction to notifications by other countries.

The following graph, for a sample of countries which have been receiving Commission's TRA, shows that although this has been increasing in the period 2007-2011, the amount is still very low for most countries. As a comparison, during the 2007-2011 period the EU together presented 88 SPS Food safety related notifications and over 850 TBT notifications. China (not shown) tops both the number of SPS and TBT notifications (over 400 SPS and 700 TBT notifications during the period). Anecdotaly, one example of a very active country in SPS notifications is Albania, which has issued 50 SPS notifications in 2009 (mainly in reaction to other WTO member SPS notifications). This is due to it having fully dedicated personnel to this task and an agile and effective SPS management system behind it, built up thanks in great part to EU TRA.

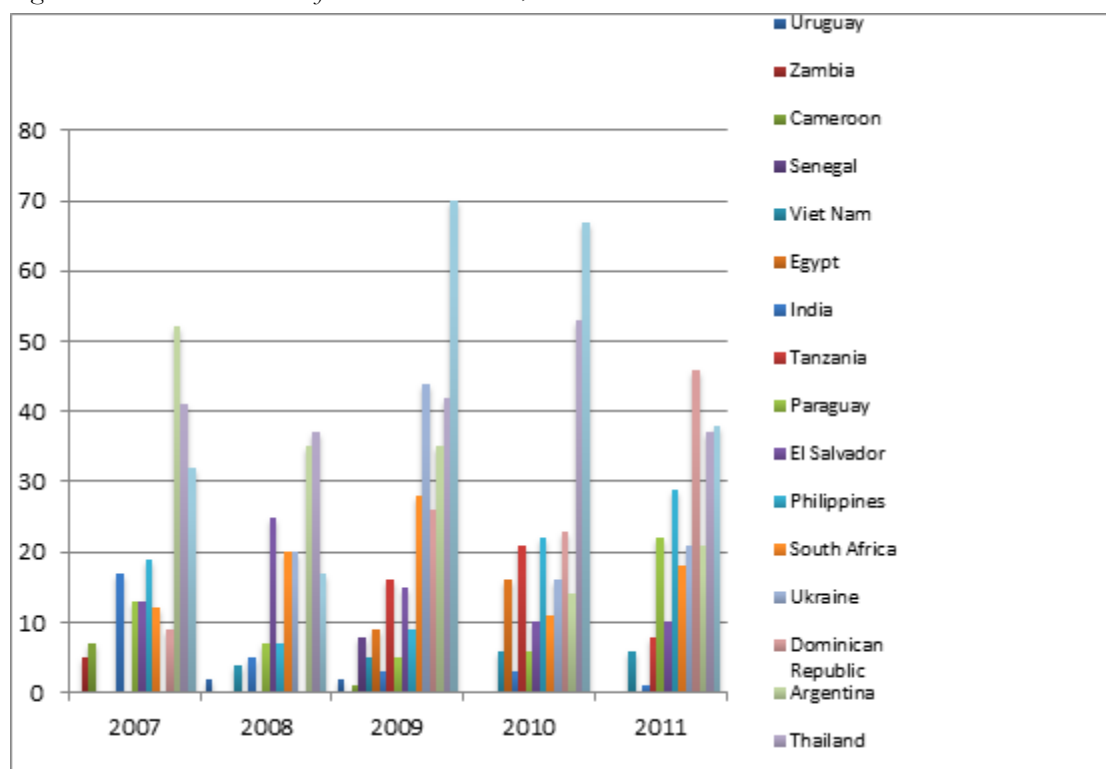
Figure 31: SPS IMS notifications (Food Safety) 2007-2011 selected countries



Source: SPS IMS, <http://spsims.wto.org>

Some countries do not appear at all as reporting Food Safety related SPS notifications, such is the case for example of Zambia, Cameroon, Ivory Coast and Bangladesh.

Figure 32: TBT Notifications 2007-2011, selected countries



Source: TBT IMS, <http://tbtims.wto.org>

From the countries shown, ASEAN Member States such as Thailand, Philippines and Vietnam stand out as showing a good reporting and reaction to notifications, but also Kenya, Dominican Republic and Ukraine. All of these countries have received support from the Commission's TRA.

Findings showed that not many countries assisted hold useful online information management systems for TBT and SPS, the exceptions being **Bangladesh** where the Better Work and Standards Programme (BEST) set up a database at (<http://www.best-bd.org/>) and **Vietnam**, which holds an especially useful and active portal set up under MUTRAP II (<http://www.spsvietnam.gov.vn>). Both these information systems contribute significantly to increasing awareness of requirements for trade.

In **UEMOA** (Union Economique et Monétaire Ouest Africaine, made up of Benin, Burkina Faso, Côte d'Ivoire, Guinée Bissau, Mali, Niger, Senegal and Togo), and the **ECOWAS** (made up of the UEMOA countries plus Cape Verde, Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone) Commission financed two consecutive Quality Programmes, implemented together with UNIDO which set up a regional database of standards (<http://212.52.130.24/labo/labo.nsf>), and also helped Member States in the setting up of national Quality systems.

In the **SADC** region, the Commission financed the SQAM programme (<http://www.sadc.int/tifi/browse/page/781>) which set up the regional management system for SPS and TBT with relative success, creating a network of approved auditors and making information on SQAM activities in the region available to stakeholders.

Source: <http://qualitywestafrica.org/prototype/about-waqp/> Meyer, N. et al. (2010); "Bilateral and Regional Trade Agreements and Technical Barriers to Trade: An African Perspective", OECD Trade Policy Working Papers, No. 96, OECD Publishing. doi: 10.1787/5kmdbgfrgnbr-en

In Egypt, a consumer protection agency was established, which provided some overview but otherwise it is still a fragmented area with limited information available. The only clearly EU support (indirect through budget support conditionality) success is the making of EOS as the only standard setting body in Egypt and making standards WTO compliant.

Source: country fiche, field mission

The **Pesticide Initiative Programme** (PIP) programme which covered a large number of ACP countries exporting fresh produce provided a comprehensive database of standards, production guides,

studies and position papers, all developed for private sector producers and exporters to use, as well as detailed training material and specific information on how to comply with SPS and TBT (private standard) requirements imposed by EU and World markets. It also compiled a Directory of exporters in order to facilitate export/import transactions.

Source: <http://pip.coleacp.org> - "Resources"

The **Strengthening Fisheries Programme** (SFP, 2002-2010), which covered 44 ACP countries, established a Resource library which includes a large number of guides, study reports and templates for use by small scale fisheries, fish business operators, laboratories, competent authorities, inspectors, etc., which is a very valuable tool for the industry worldwide.

Source: <http://sfp.acp.int/en/content/sfp-library-0>

In **Zambia**, there is a database of national standards, a national enquiry point for TBT and SPS. However, the extent to which EU TRA was systematic can be questioned. While ZWM appreciated the support of the CBPSD they noted that the current WTO/UNIDO programme offers a different level of support because of the technical expertise available. For example, the WTO/UNIDO programme made their support conditional on the GOZ implementing a change in mandate for the ZWM that they now see as central to their effectiveness; but the needs assessment of the CBPSD did not even reveal this as an issue. There is also a closer link between WTO/UNIDO programme and regional assistance via Afrimets.

Source: country fiche, field mission

Cameroon: There is no database of standards set up, which would allow access to the technical requirements already approved for Cameroon. The enquiry points are designated but do not operate well due to lack of permanently assigned exclusive staff and lack of IT equipment. Commission financed TRA interventions have not tackled these issues of dis-coordination, although this is partly no doubt due to the already existing complex relationships between the different government dealing with these areas.

Source: country fiche, field mission

6.1.5 I 6.1.5 Adoption (scope and speed) of international or regionally harmonised standards and technical regulations at national legislative and regulatory level

This indicator tries to find proxy evidence for an improvement in the capacity of countries assisted, in their ability to deal with SPS and TBT standards. Analysis of TBT and SPS Secretariat meeting reports and attendance rosters obtained from ISO give an indication of levels of global involvement by countries, but this data is not available in a harmonised and accessible format for activity at national level. Adoption mechanisms have been streamlined nevertheless, notably in the system for management of TBT standards in Southern and West Africa and several other countries (see below), but capacity to interact with international standards setting bodies and to address international standards requirements remains far from ideal.

With regards to SPS and TBT standards, the fact that they are based on internationally harmonised criteria makes their adoption a base-line condition to trade. This tends to make approval a fairly straightforward process, providing the structures are in place.

Various reasons exist for the delay of the adoption of international or regionally harmonised standards. **Firstly**, a lack of availability of technically capable staff restricts the amount of standards which can be processed and creates a backlog. **Secondly**, there is a lack of awareness at government level of the importance of adopting harmonised standards, which diverts resources. **Thirdly**, the lack of cooperation between government bodies (especially with SPS standards) mean that standards are not discussed timely, and approval drags on from one department to another without clear procedures or mandates to drive the process. Legislation pertaining to the approval of standards in some cases still then needs to go through lengthy approval process in parliament.

The EU TRA has been assisting third countries successfully in overcoming the basic capacity constraints described above, through provision of equipment and training of scientific officers for example the CapDev project in **Zambia**, and the SQAM (Standardisation, Quality Assurance, Accreditation and Metrology) project across **SADC** countries. The BTSF project has contributed substantially to filling SPS

training needs for government officials in third countries, including close to 1,000 trainees in 2009 (see indicator 6.3.4) The PAN-SPSO project covering Sub-Saharan Africa and implemented by the AU has also provided training in skills negotiation and risk analysis, which has been successful and been extended to a second phase.

Source: country fiche Zambia, summary of evaluations report, http://ec.europa.eu/food/training_strategy/index_en.htm

In **COMESA**, support has, according to the RISP final report, focused on harmonization. 305 Standards were adopted as COMESA Harmonised Standards. Guidelines for the harmonization of Pharmaceutical Regulations were finalized and agreed upon by the Pharmaceutical Harmonisation Technical Working Group, Steering Committee and the COMESA Medicines Regulatory Authorities Conference (CMRAC) and recommended for adoption by Council. In addition, 244 draft Harmonised Standards were in the pipeline at the end of the programme. Nine Standards were jointly agreed by COMESA and EAC and recommended for adoption by the two RECs. These are important building blocks to cement the wide-ranging FTA being built up across the Tripartite (EAC-COMESA-SADC), however it remains to be seen what the impact is in practice across such a wide-ranging group of economies.

Source: field mission

In **West Africa** the Quality Support Programme covering 16 countries facilitated compliance with international trade rules and technical regulations, in particular, compliance with WTO agreements on TBT and SPS, through the establishment and/or the strengthening of national and regional quality infrastructure to provide effective services in standardization, conformity assessment and accreditation that meet international standards. The Secretariat of the Organization of Standardization, Certification and Quality Promotion (NORMCERQ) of UEMOA is technically operational; 42 standards adopted by the Council of NORMCERQ; 8 National Standards Bodies of ECOWAS non UEMOA countries and Mauritania have been equipped with computer and office equipment; elaboration by ECOWAS of procedures and a scheme for standards harmonization.

The Quality Support Programme in West Africa has achieved the following:

- The Regional quality Policy is under formulation by ECOWAS with the financial support of the Programme;
- The regional quality structures of UEMOA (NORMCERQ, and SOAMET SOAC) are technically operational;
- The national quality policy of Burkina Faso adopted;
- Draft quality policy in Gambia and Sierra Leone elaborated with the support of the WAQP under national validation;
- A law on quality infrastructure passed in Togo;
- A legal framework on national quality system adopted in Cape Verde;
- Various options for a regional quality infrastructure validated during a regional workshop, a roadmap for implementation adopted by the two commissions (ECOWAS & UEMOA);

Source: West Africa Quality Programme, Summary table of the Programme's main results (http://qualitywestafrica.org/prototype/wp-content/uploads/2012/10/Main-results_August-2012_English.pdf)

In **Bangladesh**, the BQSP project contributed to a review of the legal framework, conducted a detailed analysis of the existing legislation and proposed amendments. Based on this input a draft new basic law was presented, discussed and largely endorsed at a series of high level meetings. Subsequently a consumer protection law and a series of food safety measures to meet standards for sea food in major markets, including the EU; were introduced. BQSP also worked towards the restructuring of the Bangladesh Accreditation Board (BAB) and the Bangladesh Standards & Testing Institution (BSTI) to comply with international norms. Policy makers' awareness of accreditation was increased and preparations for the accreditation of a new National Metrology Laboratory were initiated. BEST continued the activities of BQSP and contributed to the introduction of new laws and the updating of existing ones to improve control and food safety.

The Ministry of Industry does not directly deal with the functions standardisation, quality, certification, technical regulation and metrology. These functions are delegated to BSTI, which is supported by BEST. Accreditation is the responsibility of the Bangladesh Accreditation Board (BAB) was established under the

Accreditation Act of 2006 which currently functions as a department of the Ministry. BSTI is the authorised as a regulatory agency for:

- Implementation of mandatory standards (153 standards are mandatory)
- Implementation of the Pure Food Rules
- Import consignment Approval for 39 items

The Baseline Report on the BEST Better Quality Infrastructure (BQI) Component found that “The certification and regulatory functions lack credibility and the complement of 15 officers is grossly inadequate for these functions.” This is where BEST comes in and contributes to improvements which have already been achieved to a notable extent.

For example, BQSP and BEST have strongly contributed to enable the Bangladesh frozen fish industry to comply with EU standards. Furthermore, BEST is contributing to improve quality and hygiene within the entire fisheries industry.

Source: country fiche, field mission, Better Work and Standards Programme (BEST). Better Quality Infrastructure (BQI) Component Baseline Report, UNIDO December 2010, http://www.best-bd.org/Reports/BQI/Baseline%20Study%20Report%20BEST%20Better%20Quality%20Infrastructure%20%20Dec_%202010.pdf, p. 4.

In **Cameroon**, approximately 400 TBT standards have been adopted at TBT level, although only approximately 100 have become Technical Regulations. Most of this work has been carried out in the past and continuity in recent years has been lost. Commission TRA has not contributed to this area directly in Cameroon. There was very little coordination at GoC level in terms of ensuring communication, enforcement, etc.

Source: country fiche, field mission

In the Philippines, evidence for effectiveness was also found in relation to the way Philippine government agencies and firms were informed about, and adjusted to, EU regulations influential for trade development. According to NEDA (National Economic and Development Authority) among the accomplishments of TRTA 1 (Trade-Related Technical Assistance) were the upgrading of TBT and SPS regulatory frameworks, improved awareness of safety in the fishery and coconut food and feed chains, and improved knowledge of EU market access for exporting electrical and electronic goods. With the accomplishments on TBT and SPS as well as on the increased EU market access, exports of fishery products grew by 31.5 % in 2007 from 19.8 % in 2006. The number of companies accredited for export of fishery products to EU also increased by 18 % in 2007. Relevant Administrative Orders (AOs) prepared are also now in line with international and EU standards.

Source: summary of evaluations report, http://www.neda.gov.ph/ads/press_releases/pr.asp?ID=1013

In Malaysia, ECAP II also provided a valuable - albeit indirect - contribution to economic relations as the Malaysia component helped to improve the national legal framework for IP as well as IPR administration, enforcement and awareness. Malaysia’s IP regime complies now better to EU and global standard and this should benefit trade and investment relations between the EU and Malaysia.

Source: summary of evaluations report

TradeCom promoted catalytic pilot activities for institutional reinforcement in trade support services, especially through the creation of an enabling regulatory environment to overcome technical and sanitary and phyto-sanitary barriers for trade development.

Source: final evaluation of TradeCom

In India by contrast, much smaller and precisely targeted interventions, such as the training of individual GoI staff in food safety and phyto-sanitary standards, have been effective, relevant and well appreciated, but obviously the impact and the funds involved have been rather small. The issue of SPS will be addressed more systematically in the TIDP, which is highly relevant and demanded by Indian authorities and businesses.

Source: summary of evaluations report

6.2 JC 6.2: Appropriate and sustainable quality infrastructure related to SPS and TBT developed

6.2.1 I 6.2.1 Improvements in quality infrastructure, change in its use by private sector confidence

Significant improvements in QI have been achieved in at least two thirds of the countries/regions in the sample supported by EU TRA, where this area was targeted. Where there is an increased confidence by the private sector, this is a clear indicator of improvement. Information on support to the private sector is available in some cases and in others has had to be inferred. It must be remembered though that most of EU's investment into quality infrastructure has been made in the latter part of the evaluation period, and will therefore bring benefits which will become more evident in the longer term.

This is a wide-ranging indicator. Certainly, some improvements have been made, with positive actions in different aspects of the Quality Infrastructure in supported third countries that relate to SPS and TBT. However, because this area presents a very broad front, and due to varying levels of absorption capacity across different countries, there is no uniform picture of improvement across all areas of QI, nor of sustainability of those improvements. Some evidence can be seen in the number of private sector certificates issued such as GLOBALG.A.P., which shows for example that **Côte d'Ivoire, Cameroon, Ghana and Kenya** have all increased the number of certificates for production and export of Fruit and Vegetables between 50 and 100% in the last year. This is at least in part thanks to the Commission's programmes targeted at assisting farmers to become certified in each of these countries.

Source: *GlobalG.A.P. Fruit & Vegetables Facts & Figures to August 2012* (http://www.globalgap.org/cms/upload/Resources/Publications/Facts_and_Figures/120813-InfoKIT_FV_E_web.pdf), *GlobalG.A.P. Newsletter 2011, Certification Statistics p.30* http://www.globalgap.org/cms/upload/Resources/Publications/Newsletter/120522_AR11_web.pdf

Of the countries studied, SPS and/or TBT Quality Infrastructure was targeted and addressed with moderate success in Bangladesh, Cameroon, Côte d'Ivoire, Egypt, India, Paraguay, Tanzania, Vietnam, and Zambia. Following an objective of rationalisation and regional integration, several projects in this area were implemented at RECs such as SADC, COMESA, UEMOA/ECOWAS and ASEAN.

From the study countries, in **Bangladesh**, *improvements are notable in terms of international recognition through achievements in ISO 17025 accreditation status of laboratories, and participation in International accreditation fora (BQSP Mid term evaluation, p.ix), as well as strengthening of the different laboratories (including private sector) through training and provision of equipment (BQSP status report, p.29 and EAMR p.6)*. The BQSP project has shown strong evidence of private sector participation and private sector use of the established infrastructure in all three components of BEST. Examples include

- Strong private sector buy-in of BEST, which in partnership with the BGMEA University of Fashion and Technology (BUFT)²⁶ developed institutional linkages with London College of Fashion and Manchester University.
- BQSP contributed to a revision and adaption/modernisation of laws, rules and control mechanisms in the area of quality infrastructure
- BEST made major contribution to the setting up the National Metrology Institute and testing laboratories, which operate on a high level, and can provide most adjusting/calibrating services needed by the private sector in Bangladesh.
- Strong evidence for success in improving the quality infrastructure in this area is the lifting of 20%- sample testing requirement by the EU for frozen fish imports. This demonstrates high trust in the Bangladesh quality system in this area.
- A further step to improve the quality infrastructure is to set up a traceability system, for which around 200,000 small scale fish producers have already been registered. The next step is to introduce an electronic traceability system, maybe via cell phones.

There are, however, further steps needed in strengthening the quality infrastructure, which is the establishment of a elaborated quality management system. This step is needed to acquire international

²⁶ <http://www.bift.info/www/index.php>

accreditation of the testing laboratories. A hurdle in the process is the related problem of frequent power shortages which are very harmful for the testing laboratories. Hence, there is a clear necessity to tackle infrastructure problems in relation to trade.

Source: summary of evaluations report

In **Côte d'Ivoire**, the quality infrastructure was improved sustainably for at least one agricultural sector. Specific support in the banana sector and related TRA has led to tangible improvement of standards and certification which led to an increased private sector confidence in its use. While the quality infrastructure in Côte d'Ivoire was improved through regional quality support programmes, there is so far limited evidence that this had actually led to a tangible improvement of related quality services for trade-oriented enterprises.

Two technical centres have been established (fisheries, chemical). Evidence for visibility was low; equipment as well as capacities at technical and institutional level still seemed to be limited. A main challenge these centres are facing is the lack of managerial capacities and the maintenance of the established infrastructure. However, the ambition exists to further develop these structures to “Centres of Excellence” in their respective technical area. Another issue is apparently the still limited awareness of private sector operators related to the need to maintain and further improved quality standards resulting in the fact that services of these centres are apparently hardly requested by the private sector.

The scope of results envisaged by the **regional quality support** to UEMOA were broad, covering norms, conformity assessment, certification, metrology, quality infrastructure, quality regulation.²⁷ Results in Côte d'Ivoire were rather poor and sustainability of established QI in Côte d'Ivoire highly questionable. Apparently, at national level, the transposition of regional norms was under way (could not be confirmed due to lack of relevant information).

Quality contact points (SPS, TBT) were hardly visible and approached in Côte d'Ivoire, and the lack of reporting of notifications at the SPS and TBT level as shown by data in Indicator 6.1.4 confirms their lack of operation.

On the other hand, specific support to the **banana** sector has strongly contributed to introducing traceability thus contributing to enhancing production standards and further strengthening the value chain. It has also strongly contributed to establishing quality standards and certification as a basis for increasing and diversifying exports in the region.

Beyond the QI, TRA was complemented through support improvements at the level of physical infrastructure (port, cooling) as such flanking TRA with broader AfT support. Thus, focused sector related strengthening of QI was rather successful in Côte d'Ivoire. The success at sectorial level confirms that a value chain approach can create good practices in the upgrading of sector-related QI.

Source: summary of evaluations report, country visits

In **Zambia**, ZABS was a major beneficiary of the CBPSD. In interview, ZABS outlined the benefits of the programme: new equipment and training - which allowed them to test more products and inspect more companies and imports which has contributed to the eradication of sub standard products. Prior to the EU TRA they had only a general chemistry lab. As a result of EU support they now have micro biology, paint, condoms, petroleum, packaging and textiles laboratories. In metrology, the CBPSD allowed them to greatly increase their calibration of industry equipment which increased the quality of products in the market. According to one of the officers at ZABS “the EU came at the right time – understood what we were trying to do”.

Source: summary of evaluations report

On the regional **COMESA** level, institutional strengthening plans include the setting up of a *Regional Standards and Accreditation body* (RISP2, Action Fiche, Annex 1, p.13). This may serve the purpose of application of adopted TBT rules and regulations, however in the case of SPS matters, a regional application of standards is a much more complex issue. This is especially so with regards to process standards that deal with production and consumption pattern realities that differ considerably from those found in developed

²⁷ A further assessment was not possible at the occasion of the field visit – if the need arises, further information should be requested at WAEMU/project level as it can be expected that this project provides a wealth of information on good and bad practices in this area

countries where procedures and harmonised standards are normally developed.

Source: summary of evaluations report

In **UEMOA**, and **ECOWAS** the two *Quality Projects relating to the establishment of industry standards, and more generally to increase the quality of products manufactured in the region have been supported by the European Union through a Contribution Agreement for the benefit of UNIDO*. Initially limited to the UEMOA, this aid has been extended by the 9th EDF to all ECOWAS countries. The holistic approach followed addressed key aspects that make up a functioning quality assurance system: standardisation, accreditation of laboratories, metrology and certification of enterprises. Support was provided to the various actors involved in the quality chain, including the relevant regional and national bodies, equipment to laboratories, support to some 70 enterprises seeking the ISO Quality Management System Standard, as well as a pool of ISO certifiers and sanitary inspection services. The project was the first one in West Africa to apply a regional approach to issues of quality. This approach allowed for synergies, economies of scale and pooling of resources, which is particularly relevant for the smaller and less-developed countries in the region

Source: Making trade work for development, published by DG Trade, European Commission, p.42, http://trade.ec.europa.eu/doclib/docs/2006/january/tradoc_118805.pdf

*Implementation of QI in countries such as **Ghana** (PSTEP ROM Background Conclusion Sheet), **Cameroon** and **Côte d'Ivoire** was centred on physical infrastructure upgrades as well as demand driven on-the-ground compliance to trading standards.*

Source: country fiches of Cameroon, Côte d'Ivoire and Ghana

In **Egypt**, the support to laboratories under GOEIC has clearly been an improvement as testified by its use by the private sector, corroborated in interviews. In general, confidence in the overall QI has increased in Egypt also necessitated by the increased exports to EU and the overall stricter framework for trading. Again there is limited information of the specifics of EU support as much was granted as budget support. Thus the GoE chose to build only 2 of the 4 planned laboratories for reasons not clear to the team. Further control rooms have been equipped for GOEIC in the Cargo airport of Cairo, in Alexandria and Ain Sokhna Ports. Also customs reported a dramatic decrease in interception for non-compliance at EU borders fallings from 46 in 2004 to 0 in 2007 (according to the Agriculture Export Council), which testifies to improved QI.

Source: summary of evaluations report

In **ASEAN**, SPS and TBT infrastructure has seen major improvements during the evaluation period culminating in the implementation of the new ASEAN Trade in Goods Agreement (ATIGA) which entered into force in 2010 and contains new obligations in both the TBT and SPS areas.

In the TBT area ATIGA obligates AMS to follow the TBT Agreement's "Code of Good Practice", use international standards where possible and ensure that technical regulations are not adopted in ways that frustrate trade in ASEAN. Where applicable, technical regulations must be applied in ways that facilitate the implementation of any ASEAN sectoral MRAs and conformity assessment procedures are expected to be consistent with international standards and practices. A unique feature of the ATIGA is the establishment of a "Post Market Surveillance" system, supported by "Alert Systems" designed to ensure ongoing compliance on the part of producers. In the SPS area, ATIGA obligates members of ASEAN to be guided by international norms and standards in their SPS-related activities and encourages ASEAN member governments to develop equivalence agreements and explore additional opportunities for intra-ASEAN cooperation.

Source: field mission

In the case of **Paraguay**, a fairly comprehensive improvement across the National Quality System is reported by the ROM and Mid-term evaluation reports of the "Proyecto de Fortalecimiento de la Competitividad del Sector Exportador Paraguayo", although some laboratory equipment procurement had suffered delays due to delays in tendering.

Source: country fiche

In **Cameroon**, quality infrastructure was developed in ANOR, financed under the PASAPE programme, however it is still in its infancy. Private sector utilises foreign laboratories for carrying out SPS related tests

for example. The banana companies have been able to invest in equipment related to fruit quality improvement, GIS systems and hardware for improving traceability and compliance to foreign client demands.

Source: country fiche

In **MERCOSUR**, improvements exist, but have not yet been in operation long enough for the private sector to fully benefit and show results.

Source: field visit

6.2.2 I 6.2.2 Evidence of sustainability of quality infrastructure (e.g. business plans address this issue)

There is little hard evidence to empirically substantiate this Indicator. The sustainability of capacity building projects is difficult to evaluate as by definition it should ideally make use of monitoring data generated after the intervention has finished. The development of business plans, action plans or guidelines and incorporation into national or regional strategies will hypothetically increase the impact results obtained by SPS and TBT projects, and this is a required element in most TRA interventions. Preparation for sustainability of results is evaluated positively in around half of the countries in the sample. Other factors are the political will to continue the building up of a national Quality Infrastructure system, and the demands from the private sector exporters/importers. Some positive examples are mentioned below, along with the problems encountered.

In the sample countries examined, the Commission's TRA is increasingly used to fund initiatives that are "embedded" into the existing development plans of the partner countries, which increases the chance that they will continue once the Commission's support is withdrawn.

In **Egypt**, *GOEIC is a crucial part of the QI in Egypt and it appears fully sustainable with strong government backing as well as user fees from the private sector.* Moreover, the private sector has confidence and is using (and paying for) the QI boding well for future sustainability. EU TRA has also strengthened the institutional and human resources capacity of GOEIC allowing the staff of the laboratories to reach the level of laboratories accredited to an international standards. As the GOEIC eventually did obtain the accreditations mentioned above, the sustainability of this aspect has been further augmented.

Source: country fiche: TEP A – Final Evaluation, field mission

ASEAN *has established full ownership of the harmonisation process and, while this process is still supported by the EU and USAID, there can be little doubts about its sustainability once donor support ceases.*

Source: field mission

Zambia: *As a result of better service delivery attributable to Commission TRA, and the needs assessment undertaken by the CBPSD, QI has been able to engage successfully with Government with an increase in support for e.g. ZWM from 450 million to 1 billion Kwacha.* For ZWM, the needs assessment carried out by CBPSD helped them develop a more strategic intervention for growth and sustainability. On the basis of the needs assessment of the CBPSD, support for further reinforcement of capacities has been ensured with support of a WTO/UNIDO capacity building programme.

The marketing aspects of QI are deficient and recognised as a strategic gap in CBPSD support, threatening both relevance and sustainability. This is being developed through the support of the US MCA.

Source: country fiche, field mission

In **Bangladesh**, *attempts are being made to establish the laboratories on a sustainable business basis. However, there still seem to be some obstacles, including the lack of willingness/resources to maintain and repair the equipment.*

Source: country fiche, field mission

In **Paraguay**, the different institutions supported are well on their way with a strategic business plan in place, although some mandates are still to be defined (MTE Proyecto de Fortalecimiento de la Competitividad del Sector Exportador Paraguayo, 2008, p. 33).

Source: country fiche

In **Cameroon**, the work done by the PASAPE included the setting out of business plans for the ANOR metrology laboratory. The sustainability of the metrology system greatly depends nevertheless on a good management of service delivery and government enforcement of legislation – it is too early to say how this will evolve.

Source: country fiche, field mission

In **Côte d'Ivoire** The established quality infrastructure in the banana sector appears to be sustainable.

Source: field mission

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

6.3.1 I 6.3.1. Increased active participation of national representatives (including NSA) at international quality initiatives and standard setting bodies AND I 6.3.2. Number of (sectoral) preparatory meetings organised at country level prior to participation in international standard setting bodies AND I 6.3.3 Evidence of amendments and additional elements in international standards reflecting developing countries' concerns

EU's TRA was provided in various guises, including assistance to attend WTO, SPS and TBT related meetings. Not much specific information was found from the EU intervention documentation, and external sources had to be sought. It was impossible to access harmonised, publicly available compilations of attendance to ISSB meetings and sectoral preparatory meetings. Therefore there is insufficient data to provide an attribution link to EU TRA.

Observing TBT Secretariat meetings, the trend was for attendance and participation at meetings by Developing Countries to increase²⁸. For TBT matters, some generic data on attendance to ISO meetings (where Technical Standards used by TBT are discussed) has been obtained, which set out a general trend. Information on impact can be inferred through generic data published on the RASFF (SPS) and RAPEX (TBT) portals, (see indicator 6.3.4) as well as the BTSF trainings organised under DG SANCO globally.

Standards are commonly accepted benchmarks that transmit information to producers, customers and end-users about a product, service or process technical specifications, and its compliance with health and safety criteria or the processes by which it has been produced and sourced. Currently, there are more than 30 international standards-setting organisations that operate on a global scale. Some are formally constituted as inter-governmental organisations, of which a number are related to the United Nations, and independent bodies, most of which address the interests of industry. Of these organisations, three – International Organisation for Standardisation (ISO), International Electrotechnical Commission (IEC) and the Codex Alimentarius Commission (Codex) – account for around 85% of standards (Stephenson, 1997). Whilst the structure, legal status and modus operandi of these organisations differs, their common purpose is to establish standards for use in international trade. Furthermore, many issue guidance for the development of standards and operation of conformity assessment procedures at the national level.

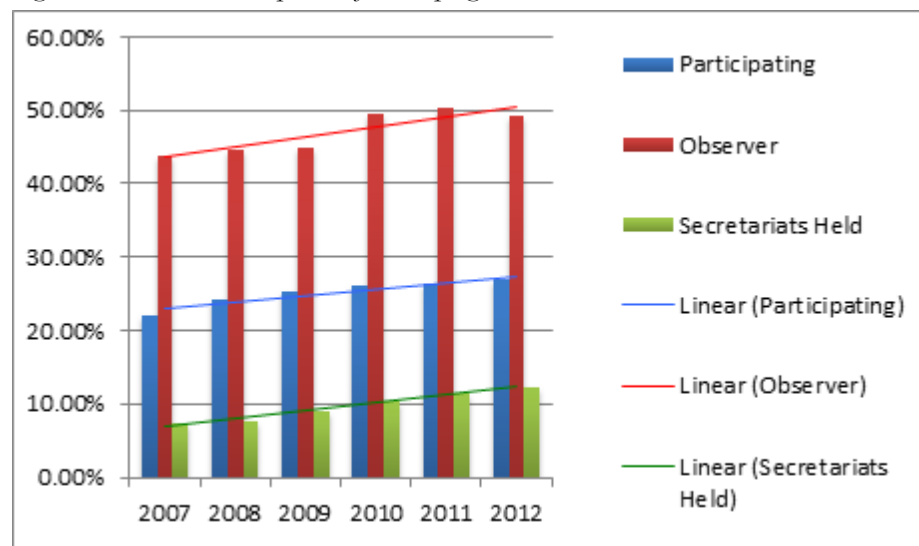
Source: Spencer Henson Kerry Preibisch Oliver Masakure, Review of Developing Country Needs and Involvement in International Standards-Setting Bodies, 2001.

²⁸ Sixteenth Annual Review Of The Implementation And Operation Of The TBT Agreement, TBT Secretariat

As a general finding, although there has been increased attendance of the developing countries at committee meetings primarily due to the use of funding mechanisms such as the Codex Trust Fund, the STDF, OIE and FAO funding for members, and the ISO Action Plan for developing countries, developing countries are still notably absent at the actual Working Group level, where most of the standards are developed and decided. When a developing country representative turns up at a global ISSB meeting without having taken part in the preparatory work, there is not much benefit, as meetings at ISSB level are the result of a long consultation and technical analysis process.

Source: Bhagirath Lal, Strengthening Developing Countries in the WTO (Trade and Development Series No. 8)

Figure 33: Participation of Developing Countries in ISO committees



Source: ISO Secretariat

The chart shows that attendance by Developing Country representatives to ISO technical meetings has been increasing slowly, by just over 5% in the last 5 years. Although it is not possible to disaggregate this data to show individual country trajectory, the general trend is clear, and although the increased participation will not have been funded directly by the Commission TRA, it demonstrates that quality issues are being increasingly prioritised by Developing Countries, following a trend in increased global trade and greater information flow regarding standards-based market requirements between consumer markets such as the EU, and exporters in Developing Countries.

Regarding **preparatory meetings**, this information lies with government bodies themselves and is mostly outside the realm of EU TRA, except when direct sponsorship has taken place, for example at the regional level. When attempting to find out information during field visits, for example in **Cameroon**, information shows that there is no personnel dedicated to handling TBT matters and meeting preparations and results dissemination. Despite the Inter-African Phytosanitary Council (AU IPPC representative) having its African office in Yaoundé, there is very little interaction with the GoC.

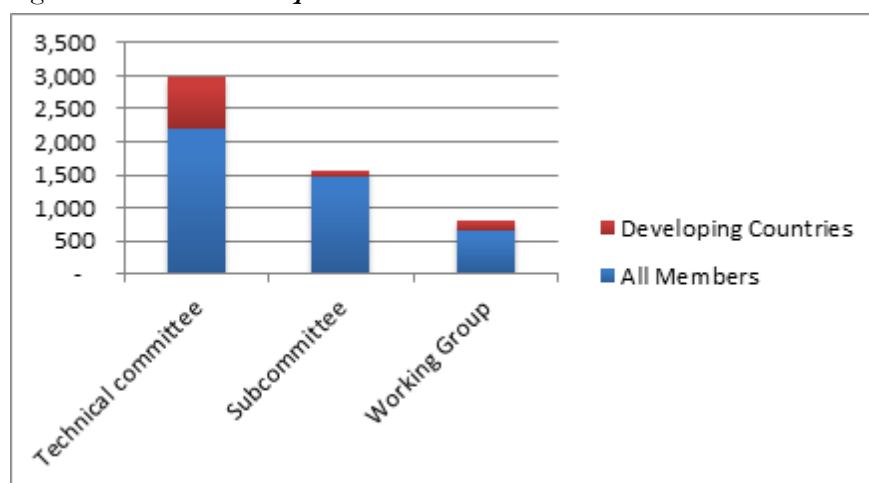
Source: field mission

In **SADC**, preparatory meetings for developing a common position are held prior to the annual CPM IPPC meetings, which are funded at least in part by Commission TRA. For TBT meetings, the structure and management of preparatory meetings at the regional level is highly organised. Likewise in **MERCOSUR** the capacity for setting common positions at ISSB meetings denotes thorough planning and coordination, although in this case the meetings have not been financed by the EU TRA.

Source: Summary of evaluation reports

ISO, which organises its standards development and review system using “National Mirror Committees” in each member country, has provided generic information which gives an overview of the current participation by Developing Countries.

Figure 34: **Participation in National Mirror Committees**



Source: ISO Secretariat

6.3.2 I 6.3.4 Increase in information flow between exporting and importing markets regarding SPS/TBT compliance

External data collected from the EU Rapid Alert Systems (RASFF and RAPEX) suggests that there is no clear trend between greater EU TRA and a reduction in border rejections; rather it points to a greater flow of information exchange which increases trust and operational strength.

This indicator should be looked at on the one hand from the point of view of relative cost, i.e. the cost of NOT complying and NOT obtaining certification (lower market price, loss of market access, inefficiencies through production of non-compliant products, etc.). In some cases, with improvements in QI, a service goes from being free but of low quality, to one that entails a cost but which the private sector will gladly pay due to increased confidence in the results. We thus mainly look at more streamlined processes, and transparency in publication of costs (for laboratories, etc.). On the other hand, once structural weaknesses in a QI context are addressed, higher efficiency and trust in the system will bring down costs. The greater efficiency of the marketplace can be clearly gauged by the amount of information being shared between the export and the import markets.

The only clear information on a reduction in costs found from the selected countries comes from Paraguay (ROM Proyecto de Fortalecimiento de la Competitividad del Sector Exportador Paraguayo; May 2011, p.3), where it is stated that consumers and businesses are able to access services offered by the publicly accredited laboratories at a cheaper price than at private labs, although it was not possible to determine how much trade has increased, there has certainly been a marked opening up of markets for the exporters.

Source: country fiche

Regarding the effects on the overall economy, of an improvement in the QI, in the case study countries there is a good example in **Egypt**, where there has been a decrease in interception for non-compliance at EU borders fallings from 46 in 2004 to 0 in 2007 which is a testament to the increased work of GoE and its development partners. Also, private sector anecdotally reported better awareness of and compliance with SPS and TBT.

Source: field mission and country fiche

Bangladesh: Market access to EU eased significantly, as EU granted Bangladesh single-stage processing (manufacture from fabric) instead of two-stage processing (manufacture from yarn). Two-stage processing was a major technical barrier to trade as far as readymade garments sector is concerned.

A major success related to information flows on SPS/TBT compliance was achieved the shrimps sector. The shrimp export industry is the second largest export industry in Bangladesh, supporting the livelihoods of 600,000 people and providing 2.5% of the world supply of shrimps. The EU is the most important market, accounting for 60% of exports. From July to December 1997 the EU imposed a ban on the import of fishery products from Bangladesh. The ban was due to inadequate infrastructure, sanitation, hygiene,

inspection and testing facilities. The ban was estimated to cost the Bangladesh shrimp-processing sector nearly US\$15 million in lost revenues. The ban increased the commitment by industry and government to raise product quality to meet international standards. Both exporters and government made major investments in plant infrastructure and personnel training in order to achieve international technical and sanitary standards. This included new employee acquisition and employee training, sanitation audits, plant repair and modification, new equipment, new laboratories, and other costs. However, significant further progress in this field was only achieved through the intervention of BQSP/BEST.

In 2010, the EU imposed a 20 per cent mandatory testing requirement on each shipment of shrimps from Bangladesh to detect the presence of residues of a series of veterinary medicines. However, this requirement was lifted in November 2011. The decision was directly related to BEST-supported improvements to Bangladesh's testing system through increasing laboratory capacity and efficiency and installing of modern equipment.

Source: field mission

Zambia: EU TRA has focused on imports and compliance of products for sale in Zambia.

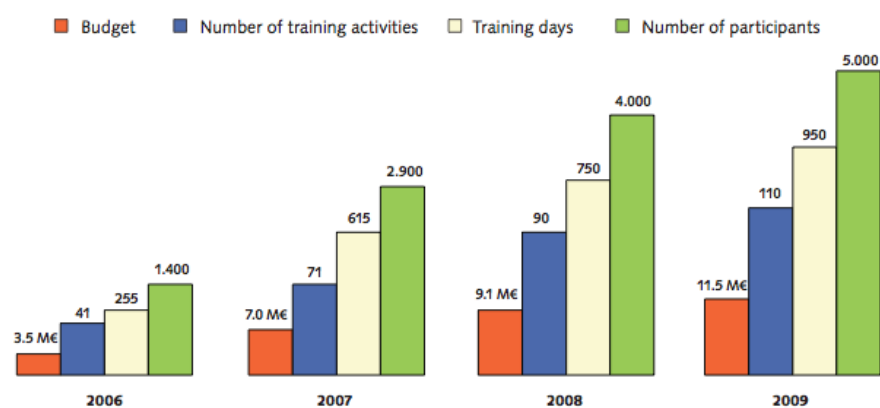
Source: field mission

In **Cameroon**, The PIP programme carried out some training to smallholders. The banana sector is very much informed and compliant with SPS, TBT and private standards, and communicates with their clients. In the coffee/cocoa sector, the buyers come to Cameroon and communicate their needs directly. Personnel from the SPS section were trained by the PAN-SPSO EU project.

Source: field mission

The Commission has also been carrying out a substantial number of Better Training For Safer Food (BTFS) trainings organised under DG SANCO globally have taken place to government officials in the EU and third countries, in issues related to SPS matters. The following figures result from the first four years of operation of the BTFS since 2006:

Figure 35: Better Training for Safer Food Training Indicators 2006-2009



Source: Commission staff working document: Challenges and strategies for the Better Training for Safer Food programme (http://ec.europa.eu/food/training_strategy/docs/1819112010_btfs_conf_staff_working_document.pdf)

The **BTFS** training activities contributed to significantly raise 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 provide an up-to-date knowledge of the relevant EU legislation and succeed in fostering the achievement of uniform and standardised controls at the EU level, and the compliance with the EU hygiene and safety export requirements at Third Countries level.

Source: Mid term Evaluation of the "Better training for safer food in Africa", and Intermediate Evaluation of the "Better Training for Safer Food" training activities

In addition to the standard training programmes, concrete activities within the Better Training for Safer Food in Africa programme (BTFS Africa) began in 2009, and is implemented jointly between DG SANCO and the African Union (AU) Commission, in coordination with other Commission services and

the EU Delegations in Africa. A meaningful progression of both the theoretical knowledge and know-how of the beneficiaries was observed thanks to the BTSF Africa capacity building activities. In particular, the beneficiaries declared a better understanding of the international standards taught and of their requirements, an increased insight in the other African countries SPS models/experiences, and an awareness raising on the need to go into a regional harmonisation approach.

BTSF Africa also strongly contributed to improve the professional environment of the beneficiaries (in most cases impacts are not observable yet but expected). Main impacts mentioned were: 1° the expansion of the beneficiaries networking capacities, which are still in use to share experiences, solve problems and collaborate on specific projects with other beneficiaries; 2° the improvement of the working processes particularly regarding quality standards, food inspections procedures, and good hygiene practices. For the regional workshops, no direct impacts were observed (or expected in the short term) on the setting up of regional harmonised SPS systems based on the model of standards taught. Besides, for the twinning laboratory project on Avian Influenza and Newcastle Disease and the evaluation of the PVS activities, it was too premature to observe any impacts.

Source: Mid-term Evaluation of the “Better training for safer food in Africa”, and Intermediate Evaluation of the “Better Training for Safer Food” training activities

7 EQ 7 on regional integration

Evaluation Question 7: To what extent has the Commission's TRA contributed to deepening regional economic integration?

7.1 JC 7.1: Degree to which Commission TRA facilitated the development and conclusion of regional legal and institutional architecture, addressing key issues for economic integration

7.1.1 I 7.1.1 Commission regional policy and strategy documents identify appropriate actions to address key barriers for regional integration (regulatory/ legislative, institutional) and to assist adjustment (gap analysis and programming)

The EU has placed regional economic integration as one of its priorities for development cooperation. The EU's interventions in this area have been drafted in consultation with the relevant regional organisations. The aim has not been to provide a one-size-fits-all blueprint based on the model of European regional integration but to help the respective regions implement their own regional integration agendas. As regularly confirmed by evaluation reports and academic studies, other regional organisations and communities perceive the EU as the most important point of reference for their own respective processes of regional integration.²⁹ EU-Support has been given for capacity building to strengthen the institutional dimension of regional cooperation and to set up a broad range of trade-related measures.

All Commission regional policy and strategy documents on Asia/Southeast Asia, Eastern and Southern Africa and the Indian Ocean (ESA-IO) and Latin America (MERCOSUR) address matters of regional economic integration in great detail. Overall, with the exception of ECOWAS, Commission key regional policy and strategy documents have identified a broad range of appropriate actions to address key barriers for regional integration and to assist adjustment.

COMESA has had a road map for achieving a Common Market. The RISPI and II provide comprehensive support for COMESA's work plan. The work plans are based on an assessment of key barriers and identify actions to be taken, and review lessons learnt.

The RISP intervention strategy operates at different levels. As appropriate the strategy identifies the development of new agreements to provide a mandate for regional integration – for example the regulation for the COMESA Customs Union in 2009 accompanied by guidelines, studies and capacity building. It has supported key challenges relating to e.g. standards harmonisation, and transport and transit challenges through the development of new regulation, training and institutional development. It also addresses implementation challenges with the development of monitoring mechanisms and the COMESA adjustment fund (supported by RISM).

However, implementation is in general slower than anticipated in most areas ranging from the Customs Union, to freeing trade in services to the EPA to harmonised standards. The RISP identifies faster implementation at the national as a key factor for future support.

A cause and effect analysis conducted in 2007 systematically and comprehensively identified the weaknesses and hurdles of regional integration: although steady progress in implementing the regional trade agenda is being made, it is recognised that some countries have taken more time than initially planned to join the COMESA FTA. The principle of reciprocity of trade liberalisation in the context of the EPA has met a number of protests from regional NGOs. The following main issues have emerged as stumbling blocks:

²⁹ See for example Evaluation of the Commission Cooperation with ASEAN, Final Report, Vol. 1, June 2009; Giovanni Capannelli and Carlo Filippini, East Asian and European Economic Integration: A Comparative Analysis, Manila: Asian Development Bank, Working Paper Series on Regional Economic Integration No. 29, May 2009; Sanoussi Bilal, Can the EU Be a Model of Regional Integration? Risks and challenges for developing countries, European Centre for Development Policy Management (ECDPM) Working Paper, August 2005; Lodewijk Briet, EU support to regional integration in Africa: A shared vision; <http://ictsd.org/i/news/tni/71264/>

- The limited financial capacity of member States to address the short term constraints of trade liberalisation, including direct revenue losses related to imports and the adjustments that would be required to maintain macro-economic stability;
- The need to improve coordination and coherence in the formulation and implementation of national and regional policies;
- The need for more technical support to the harmonisation process of regional integration policies among the different ROs in the ESA.
- The internal tariff barriers among all COMESA and EAC member states are dismantled
- The Common External Tariffs are applied, the list of exemptions and sensitive products of countries are reduced significantly within a much shorter period than if no support is provided to address budgetary constraints
- Non-tariff barriers
- More efficient resource allocation in member states as productive structures adjust to the new terms of trade
- The capacity of ESA-IO countries to implement the Economic Partnership Agreement as a region is strengthened.

Source: country fiche, field mission

ASEAN: *the Commission has generally identified appropriate actions to address key barriers for regional integration. However, the existing analyses often lack detail and do not explicitly spell out which member states are considered to slow down progress (see table 7.1). While it might not be possible to do this for diplomatic relations, it nevertheless limits the Commission's ability to assist adjustments in a targeted way.*

The Commission's contribution to ASEAN integration has been primarily through TA and capacity building and has followed a dual track: support to the ASEAN Secretariat (ASEC) through the APRIS project and support to ASEAN member states through regional programmes such as the Commission-ASEAN Economic Cooperation Programme on Standards, Quality and Conformity Assessment, ECAP I and II, Asia ProEco, AsiaInvest and the Asia Trust Fund. All regional programmes have stated the fostering of ASEAN integration as one of their overall objectives and identified the specific challenges in the process of regional integration and related actions to deal with them.

Source: regional organisation fiche, field mission

Table 6 - Selection of Key Documents and Actions regarding regional economic integration in ASEAN and COMESA

RO	Key Documents (selection)	Actions identified to address key barriers for regional integration? (selection)	Actions identified to assist adjustment? (selection)
ASEAN	A New Partnership with Southeast Asia, COM (2003) 399/4	- more policy and regulatory steps are needed for the creation of a true single market	- "Injecting a new dynamism into regional trade and investment relations" - Trans-Regional EU-ASEAN Trade Initiative (TREATI) Holistic approach that also takes political and governance aspects into account
	Commission-ASEAN Regional Indicative Programme 2005-2006	- Development gap between richer and poorer ASEAN members	- enhance ASEAN's overall strategic planning and policy development for key sectors of regional cooperation -improve the capacity of the ASEAN Secretariat to prepare, promote and facilitate ASEAN integration policies - TREATI

	Plan of Action to Implement the Nuremberg Declaration on an EUASEAN Enhanced Partnership (2007)	<ul style="list-style-type: none"> - Sanitary and Phytosanitary (SPS) measures remain a key challenge - anti-dumping, subsidies, tariff and non-tariff measures, such as sanitary and phyto-sanitary (SPS) and technical barriers to trade (TBT) 	<ul style="list-style-type: none"> - TREATI - support the ASEAN's Single Window strategy; - Intellectual Property (IP) utilisation, administration of the IPR system, international cooperation, enforcement, dispute settlement, education and building awareness on IP
	MTR Document Regional Strategy for Asia 2007-2013 and Multi-Annual Programme for Asia (MIP) 2011-2013	<ul style="list-style-type: none"> - Lack of implementation of regional agreements at National levels - capacity constraints in the Secretariat. 	<ul style="list-style-type: none"> - measuring implementation at national level and supporting ASEAN National Secretariats, and providing targeted capacity building.
COMESA	Commission RSP and RIP, 2002-2007	<ul style="list-style-type: none"> - inconsistencies in-built into the various regional trade accords, in particular the inconsistencies between the trade regimes of COMESA, SADC, EAC and SACU - lack of or insufficient harmonisation of trade and tax policies, customs procedures and legislation - deficiencies in the design and implementation of investment policies to attract portfolio and foreign direct investment (FDI). 	<ul style="list-style-type: none"> - Harmonise rules and certificates of origin - Agree on regional CET, CTN, categorisation into tariff bands, customs valuation, customs procedures/legislation, customs documentation, administration of the customs union - Prepare country models which will assess the economic impact on changes in effective rates of protection so that informed policy responses can be recommended to governments - Develop harmonised regional trading standards and sanitary and phytosanitary Regional trading standards and SPS provisions - Develop a regional investment policy which addresses legislative constraints - Continue programme of trade facilitation
	Commission Region of Eastern and Southern Africa and Indian Ocean RSP and RIP	<ul style="list-style-type: none"> - regional transport system is characterised by cumbersome administrative and customs procedures - constraints in the 	<ul style="list-style-type: none"> - implementation of SPS measures - transport, infrastructure and ICT projects - enhance the business-enabling environment through TA in improving legislation, institutional arrangements, and the

	2007-2013	energy, water and ICT sectors in terms of adequate Infrastructure - limited energy supply	financial sector, and reforming state-owned enterprises
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In **ECOWAS** *very limited analysis has taken place*. The FA of PSTEP makes passing reference to the need to draw ‘particular attention to regional developments and actions undertaken at ECOWAS level to ensure complementarity of interventions and to avoid potential overlaps but there has been no mention of ECOWAS in any of the reporting. While an important market, ECOWAS as an institution is viewed with cynicism especially concerning the organisation’s biggest economy Nigeria and its limited commitment to promoting regional integration. EU TRA to ECOWAS has not been able to fundamentally change this perspective.

Source: Ghana field mission

The strategic focus on matters of regional economic integration (and the associated barriers, hurdles and challenges) has intensified during the evaluation period which is prominently reflected by an increase in funds for the direct support of regional organisations and communities. Over the evaluation period, total funds for the sub- TRA subcategory “Regional Integration” under TRA category 1 “Trade Policy and regulation”, amounted to

14,7% of total TRA. However, this is only part of the picture. Exact figures for the overall amount of funds in support of regional economic integration do not exist. This is mainly due 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. Another way of looking at the overall financial assistance for regional economic integration The dimension of assessing the financial dimension is to look at the support provided for regional integration under regional strategies and thematic programmes such as Aid for Trade. Since 2007 the share for regional integration support has been in the range between 12% and 25% of total funds under the respective strategies/funds.

Under the 10th EDF (2008-2013), the EU almost doubled the financial commitment for regional integration of ACP countries (compared to the previous period of 2000-2007). € 2700 million – or 12% of the total budget of €22,682 million - was earmarked to finance “intra-ACP and inter-regional cooperation”. In particular, the Commission allocated € 645 million to support the regional integration of the Eastern and Southern Africa and Indian Ocean region, and EUR116 million for the Southern Africa Development Community (SADC). While the direct financial contribution in support for regional integration under the preceding 9th EDF was still relatively modest, it was nevertheless a milestone in the EU’s support of regional communities. As a novelty the 9th EDF introduced Contribution Agreements (CA) to manage the implementation of regional programmes. A CA is an agreement signed between the Commission and a regional integration organisation that permit the latter, under certain conditions, to disburse the funds (for programming and implementation purposes) on the basis of its own procedures.

Sources: COUNCIL DECISION No 1/2006 OF THE ACP-EC COUNCIL OF MINISTERS of 2 June 2006 specifying the multiannual financial framework for the period 2008 to 2013 and modifying the revised ACP-EC Partnership Agreement (2006/608/EC); see also http://ec.europa.eu/europeaid/how/finance/edf_en.htm; Joint evaluation of co-ordination of trade capacity building in partner countries, Studies in European Development Co-operation Evaluation No 5, European Union, November 2006, p. 43.

Support for Regional Integration as one of three priority areas of the Regional Strategy for Asia 2007-2013 has amounted to € 78 million (for 2007-2010) and € 63 million (for 2010-2013) or 18.2% of the total allocation under the RSP. This support covers co-operation with the Asia-Europe Meeting (ASEM), with Southeast Asia (support given to ASEAN), and with South Asia. As in the case of EDF this constitutes a substantial increase compared to the 2002-2006 period, which was characterised by only one TRA intervention in Asia with the *expressis verbis* formulated objective of strengthening regional integration, e.g. APRIS I which had a volume of € 4.5 million. At the same time, however, aspects of regional economic integration were also addressed by other TRA interventions, including ECAP II (2002-2007) and the EC-ASEAN Regional Economic Cooperation Programme on Standards, Quality, and Conformity Assessment (1998-2005).

While the Latin American Strategy Document 2002-2006 did allocate funds in explicit support of regional economic integration, regional integration is highlighted as one of three “strategic focal sectors” in the

2007-2013 programming document and was allocated committed funds of € 135 million or 25% of the total.

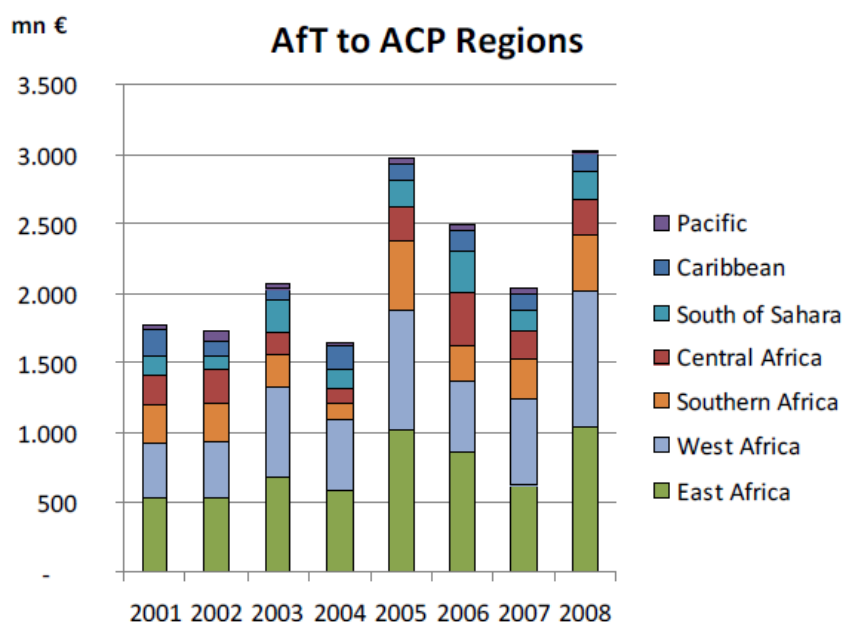
Source: CSP/RSP analysis

AfT strongly focuses on regional economic integration. According to the 2011 AfT monitoring report, “there is an increasing interest in support for regional integration as part of the EU Aid for Trade agenda... [R]egional integration in the ACP receives specific attention through the efforts to establish regional AfT packages [and], the regional dimension of AfT is equally important in non-ACP regions.... The regional dimension of AfT was reported as important, in ACP as well as Asia and Latin America. AfT packages are supposed to to increase EU support for regional integration and to provide it in a coordinated fashion, aligned with regionally owned visions and strategies.³⁰

Source: Aid For Trade Monitoring Report 2011

While the monitoring report does not give an indication of the amount of funds allocated to the support of regional integration, Figure 36 shows that support for sub-regions, including the fostering of the respective regional integration processes, has been significantly higher in the second half of the 2001-2008 funding period compared to the first half. Increases are particularly evident for West and East Africa, which are also the main AfT recipients among the ACP group, followed by Southern Africa. Increases can also be noted for Central Africa.

Figure 36: Total EU AfT (EU+EU Member States) by ACP region, 2001 – 2008, million €



Source: Aid For Trade Monitoring Report 2011

7.1.2 I 7.1.2 Regional trade and investment policy strategies in place and embedded in a coordinated agenda for implementation

A general strategy for the support of regional economic integration (Box 7.1) and specific strategies for individual geographical areas are in place for all regional organisations which are supported by the EU. These strategies are particularly comprehensive for ASEAN, COMESA and MERCOSUR and are well aligned with the development priorities and community-building strategies of the respective organisation as evidenced by RSPs. However, these strategies tend to be overly ambitious optimistic regarding the implementation capacities of member states and not always in line with the political realities, which are characterised by diverse membership structures and competing national interests. The implementation of regional agreements

³⁰ This commitment was endorsed by the Council on 27 May 2008, and then again on 10 November 2008.

regularly lags behind schedule. The EU itself is well aware of the existing shortcomings: “We have dedicated substantial funding to regional integration, although results have often fallen short of expectations. A key difficulty is the limited capacity of regional organisations to formulate project proposals that are viable and supported by their members.”³¹

EU Strategy in Support of Regional Economic Integration

The aim is to help developing regions implement their own regional integration agendas... Support is given for capacity building to strengthen regional systems and to set up various trade-related measures. For more, see the section on trade for development. Long term, Commission support aims to increase intraregional trade and reinforce the integration process. Assistance can impact on a wide range of activities and issues at regional level, including the following:

- **Strengthening regional macroeconomic stability and convergence.** Capacity building programmes are helping to develop macroeconomic surveillance systems and monitor convergence targets. They are also being used to harmonise national statistics, fiscal systems and public finance legislation.
- **Establishing free trade areas and customs unions.** These structures help regions reap the benefit of economies of scale and push the conduct of trade to the top of the agenda. Activities include simplifying and harmonising national customs systems and procedures, finding ways to reduce customs clearance times, and making it easier for goods to move around, for example through the use of a computerised customs system. The development of customs infrastructures, such as one-stop border posts, can also make it easier to move goods across national borders.
- **Creating synergies and support activities to increase intraregional trade.** Encouraging countries to share sanitary and phytosanitary systems, technical standards and quality systems can have a positive impact on regional co-operation. Establishing regional regulatory frameworks and setting up bodies like regional accreditation offices all play a part in boosting trade between countries.

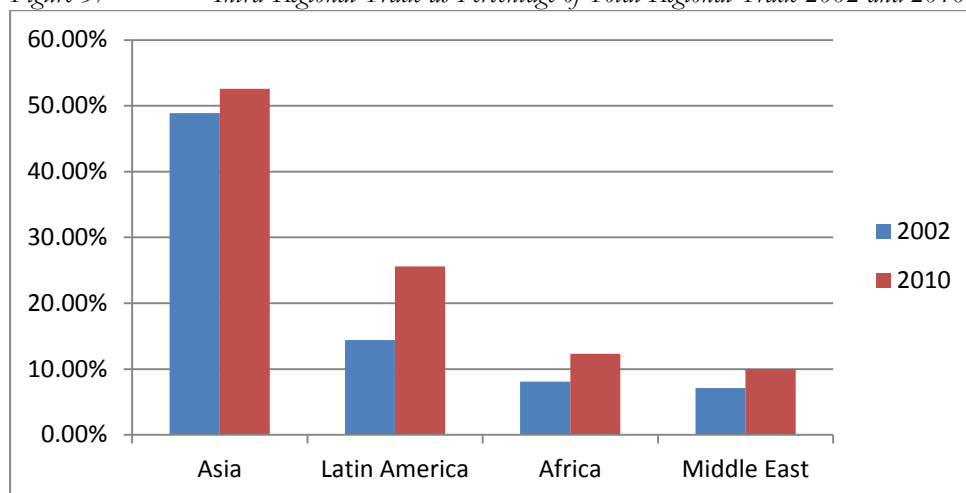
Where regional integration is more advanced, the Commission provides capacity building to regional organisations to help them develop a harmonised approach to establishing a **common market** in areas, such as competition, investment, public procurement, intellectual property rights, monetary co-operation and freedom of movement.

Source: Europeaid, http://ec.europa.eu/europeaid/what/economic-support/regional-integration/index_en.htm

At first glance it seems that the EU – and other donors – have been successful in strengthening processes of regional economic integration. *Figure 37* shows that intra-regional trade has increased in all regions during the evaluation period.

³¹ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE Trade, growth and development Tailoring trade and investment policy for those countries most in need {SEC(2012) 87 final}, 27 January 2012, p. 6, http://trade.ec.europa.eu/doclib/docs/2012/january/tradoc_148992.EN.pdf

Figure 37 *Intra-Regional Trade as Percentage of Total Regional Trade 2002 and 2010*



Source: compiled from WTO International Trade Statistics, Yearbooks 2003 and 2011

However, a closer look reveals that while the EU has been successful in supporting the establishment of institutional mechanisms to facilitate the deepening of intra-regional trade relations, implementation plans have often not resulted in the anticipated results.

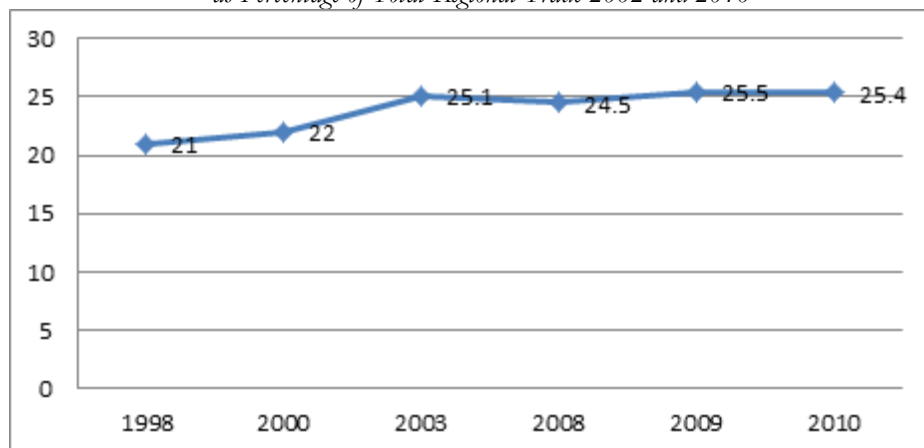
ASEAN: *the regional economic agenda is exclusively focused on ASEAN, which has gradually implemented a Free Trade Area (AFTA) since 1992. By 2015 a single market and production base is to be established by the ten national ASEAN economies. This is the vision of the ASEAN Economic Community (AEC 2015), which is to create a competitive single market that promotes equitable economic development for Member States, as well as facilitating their integration with the global community. To achieve this target, ASEAN adopted the AEC Blueprint in November 2007 which outlines the measures to be taken, including a Customs Union as the next step, and the schedule for implementation. In March 2012, ASEAN adopted the Comprehensive Investment Agreement (ACIA), which revised and merged the previous ASEAN Investment Area (AIA) and Investment Guarantee Agreements (IGA) into a single comprehensive ASEAN investment agreement. To track progress towards AEC 2015, a scorecard mechanism has been developed to monitor the implementation of measures listed in the AEC Blueprint. The scorecard exercises are conducted by the ASEAN Secretariat – with the support of donors, mainly GIZ but indirectly also the Commission via EASCAP – and results have so far been published for phases I (2008-2009) and II (2010-2011).*

Intra-regional coordination of the existing strategies in ASEAN is achieved through currently some 1200 annual meetings at multiple levels of regional governance, ranging from heads of government to senior officials in national resort ministries. The vast majority of these meetings are coordinated by the ASEAN Secretariat (ASEC) which has oversight of the community-building process. ASEC is strongly supported by the Commission at several levels and in multiple areas. However, the coordination of implementation plans does not equal actual implementation which has always lagged behind the agreed plans, often by many years as the case of the ASEAN Free Trade Area (AFTA) was signed in 1992 and planned to be “fully completed by the year 2002”. However, AFTA only came (largely) into effect on 1 January 2010.

Sources: www.asean.org/5187-10.pdf, <http://www.aseansec.org/26842.htm>,
http://www.aseansec.org/documents/scorecard_final.pdf, <http://www.aseansec.org/10342.htm>

Figure 38 shows that despite regional trade liberalisation Intra-ASEAN trade (as a percentage of the overall trade of the ASEAN member states) not increased markedly since 2003 and only by a mere 4.4% since 1998.

Figure 38 Intra-ASEAN trade 1998-2010 in percentage of total ASEAN trade *Intra-Regional Trade as Percentage of Total Regional Trade 2002 and 2010*



Source: data compiled from ASEAN Secretariat 2012. *ASEAN Community in Figures 2011*, Jakarta, p. 15.

The implementation of AFTA was supported by APRIS I and II – through capacity-building, support to the ASEAN Secretariat and interventions at the level of member states – but neither evaluation reports nor the EU’s own assessments nor stakeholder interviews indicated that APRIS anticipated and appropriately addressed the main challenges that have hindered the actual utilisation of free trade in Southeast Asia. Among the main hindering factors are:

- The Value added rule is simple in principle but difficult to comply with: AMS, especially CLMV (Cambodia, Laos, Myanmar, Vietnam), are often unable to cumulate the necessary local/regional content, partly due to the high degree of production fragmentation, with half of its trade in electronics and machinery where production networks are widespread. The import content (from non-ASEAN sources) of exports is high, making it difficult to comply with the 40% VA rule.
- High administrative cost of compliance to prove origin: The cost of proving origin is high— computation of costs, invoicing, and other documentation demands inherent in VA rules are complex, especially for SMEs from less developed economies.³²

Several Commission documents and M&E reports have addressed the gap between implementation strategies and plan actual implementation. For example the ASEAN RIP 2005-2006 hinted at this problem by suggesting, “ASEAN – particularly its Secretariat – does not as yet have the same institutional and organisational capacity and clout of its counterpart in Europe. ... ASEAN is consensus-based, and once real changes in the implementation phase are required, all countries need to agree”

Source: *RIP ASEAN 2005-2006*, p.3

The Evaluation of the Commission Cooperation with ASEAN of 2009 is more explicit in this regard: “One of the striking characteristics of the regional integration process in Southeast Asia is the gap between the ambitious political vision for economic integration as prominently spelled out in the ASEAN Economic Community Blueprint and the ASEAN Charter and the pace at which goals are actually being achieved”

Source: *field mission, regional organisation fiche (Evaluation of the Commission Cooperation with ASEAN, Final Report, Vol. 1, June 2009, p. 15)*

The example of ASEAN shows that it is not enough to support the establishment of Free Trade Areas and Custom Unions. In almost every region where the EU has supported regional economic integration at least one of the two is formally in place. At the same time, no-where are FTAs or Customs Unions fully implemented or utilised. The experience of ECOWAS – which has received strong EU support to foster regional economic integration -mirrors ASEAN:

³² See Chia, S. Y. 2010. Trade and Investment Policies and Regional Economic Integration in East Asia. ADBI Working Paper 210. Tokyo: Asian Development Bank Institute.

“ECOWAS launched a Trade Liberalization Scheme (ETLS) in 1990, and planned to move to a Customs Union with a Common External Tariff (CET) by 2008. Despite some implementation challenges, a Free Trade Area (FTA) has been achieved, with tariffs on products from member states abolished within the community. However, complex procedures regarding rules-of-origin, discordant customs systems and procedures, difficulties with insurance and bond guarantees for transit cargo, and other non-tariff barriers (NTB), including roadblocks and demands for informal payments, have frustrated the objectives of the FTA.”

Source: West Africa Regional Strategy Paper and Regional Indicative Programme 2008 – 2013; African Development Bank. REGIONAL INTEGRATION STRATEGY PAPER FOR WEST AFRICA 2011 – 2015, March 2011, p. 6.

COMESA has, at the highest level, a detailed road map for common market in terms of regulations and institutions. Though actual implementation remains a key challenge. Support under the RISP is generally within a co-ordinated agenda.

The economic integration agenda in Eastern/Southern Africa is being developed in parallel by COMESA and EAC, the ultimate goal of both being to achieve a full customs union, a common market and a monetary union. COMESA, which comprises 19 countries, was established in 1981 as a Preferential Trade Area for Eastern and Southern Africa (PTA) and is recognised as one of the building blocks of the AEC under the Abuja Treaty and the AU Constitutive Act. The principal actor in the REC is the COMESA Secretariat, which has provided a detailed road-map for an eventual common market. COMESA’s main focus is on strengthening outward-oriented regional integration by promoting cross-border trade and investment. An FTA was created in October 2000, and has so far been signed by fourteen member countries. COMESA’s investment regime is less developed than ASEAN’s. The twelfth Summit of COMESA Authority of Heads of State and Government in 2007 adopted the Investment Agreement for the COMESA Common Investment Area (CCIA). The CCIA Agreement is an “investment tool whereby the COMESA Secretariat contemplates to create a stable region and good investment environment, promote cross border investments and protect investment, and thus enhance COMESA’s attractiveness and competitiveness within COMESA Region, as a destination for Foreign Direct Investment (FDI), and in which domestic investments are encouraged.”

Source: field mission, regional organisation fiche (RSE COMESA), Investment Agreement for the COMESA Common Investment Area, http://programmes.comesa.int/index.php?option=com_content&view=article&id=111&Itemid=149

Figure 39 Policy Measures to Enhance Regional Economic Integration in the Region of Eastern and Southern Africa and the Indian Ocean (comprising COMESA, EAC, IGAD and IOC).

Economic Integration	Activities	Indicators
Free Trade Area	Harmonise rules and certificates of origin.	All countries in a regional FTA by 2004.
Customs Union	Agree on regional CET, CTN, categorisation into tariff bands, customs valuation, customs procedures/legislation, customs documentation, administration of the customs union	The majority of countries in a customs union by 2004.
Economic Incentives Assessment Studies	Prepare country models which will assess the economic impact on changes in effective rates of protection so that informed policy responses can be recommended to governments.	Studies and model completed by end-2002 and maintained throughout the RIP period
Trade Policy Capacity Development	Develop capacity in the region for WTO negotiations and for the negotiation of EPAs.	Region adequately prepared for trade negotiations.
Trade in Services	Continue with the liberalisation of trade in services with special emphasis on financial services, air traffic and telecommunications	Trade in services further liberalised within the GATS framework.
Standards and SPS	Develop harmonised regional trading standards and sanitary and phytosanitary	Regional trading standards and SPS

	provisions	agreed by 2004.
Trade Facilitation	Continue programme of trade facilitation measures including African Trade Insurance scheme; cross-border payments and settlement system; e-commerce; regional carriers' license; harmonisation of road user charges, axle weights and vehicle dimensions; regional vehicle insurance; customs bond guarantees; monitoring system for transit freight, regional competition policy; and public procurement policy.	Individual trade facilitation programmes meet individual programme targets.
Investment Facilitation	Develop a regional investment policy which addresses legislative constraints to investment and "second generation" constraints.	A Common Investment Area and the Regional Investment Agency launched and investment increases during the RIP period.
Private Sector Development	Design and implement a regional private sector development programme.	In-built performance indicators met.
Banking and Capital Market Development	Design and implement a programme to promote a regional capital market and robust financial legislation and supervision systems	In-built performance indicators met.
Tax Policy Harmonisation	Assess individual country tax policies and prepare a programme to harmonise tax policy	Tax policies harmonised during the RIP period.
Macroeconomic Surveillance	Develop a macroeconomic surveillance system under RIFF with IMF and EC assistance	Implementation of the RIFF macro- surveillance system.

Source: *Region of Eastern and Southern Africa and the Indian Ocean, European Community REGIONAL STRATEGY PAPER AND REGIONAL INDICATIVE PROGRAMME For the Period 2002 – 2007*, p. 7-8.

Figure 39 provides a good example for the direct alignment of the EU support strategy with the region's own integration agenda.

However, the Evaluation of the Commission's Support to the **Region of Eastern and Southern Africa and the Indian Ocean** (ESA-IO) speaks of very ambitious and hardly realistic implementation objectives in several areas, including the banking sector and transport infrastructure. Unlike ASEAN, regional economic integration in Sub-Saharan Africa is further hampered by the proliferation of regional trade agreements which is characterised by a) overlapping membership and b) in many cases a lack of harmonisation of – sometimes conflicting – integration objectives and implementation strategies. "The overall objective of the regional economic integration process remains the convergence of all regional economic communities on the continent in accordance with the Accra Declaration"

Source: *summary of evaluations report (Evaluation of the Commission's Support to the Region of Eastern and Southern Africa and the Indian Ocean, Final Report, December 2008)*; *ESA-IO EDF RSP RIP, 2008 – 2013*, p. 10.

The situation in **Cameroon** exemplifies the way that several overlapping mandates for regional organisations complicate regional integration in the Central African region. As the regional powerhouse in terms of trade Cameroon, which is the most diversified country in the region in terms of products exported, accounts for 50% of trade in the region. The country is member of several regional groupings, namely the CEMAC (Communauté Economique et Monétaire de l'Afrique Centrale/Monetary and Economic Community of Central Africa, bringing together Chad, Cameroon, CAR, Congo Republic, Gabon, Equatorial Guinea), CEEAC (Communauté Économique des États de l'Afrique Centrale/Economic Community of Central African States, which includes CEMAC countries, plus Sao Tome & Principe (STP), DRC, Angola and Burundi), and is part of the regional EPA grouping that includes CEMAC plus DRC and STP. The CEMAC is traditionally headed by a Cameroonian national, and Yaoundé hosts the regional Central Bank, which is traditionally headed by a Gabonese as the richest country in the region (though this situation has changed recently as the present holder is Equato-Guinean).

Under the EPA negotiations, each country has different status:

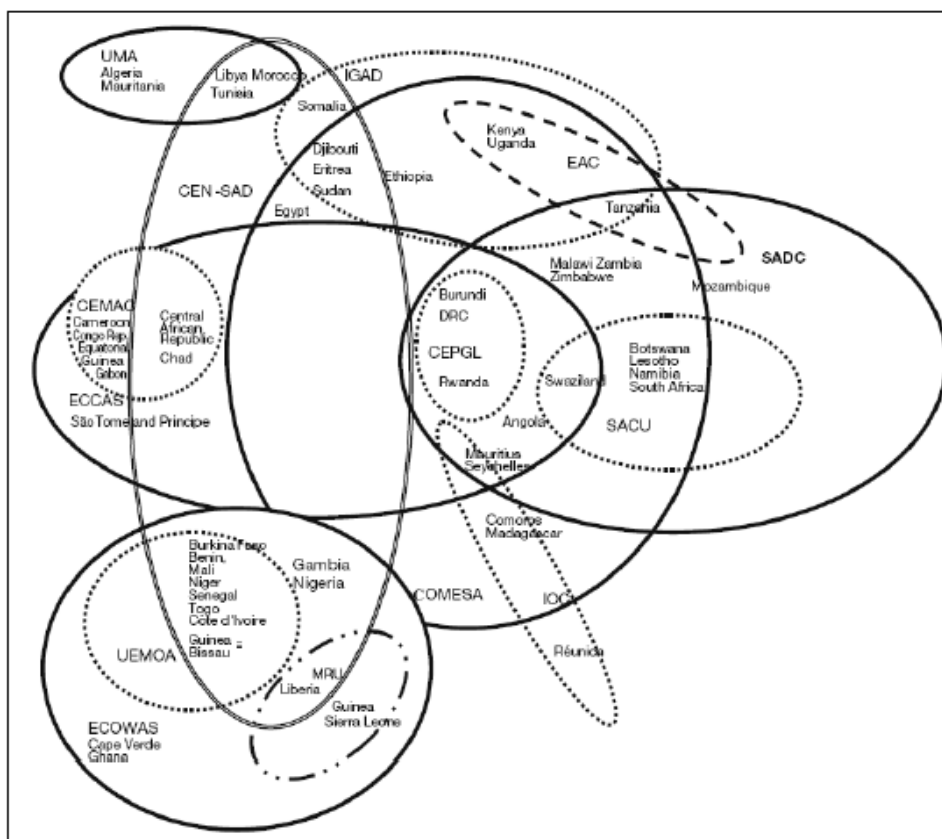
- Cameroon - signed an interim EPA in 2009, covering:
 - duty and quota-free EU access for all goods from Central Africa
 - gradual liberalisation (removal of duties and quotas) between 2010-25 up to 80% of EU

- exports to Cameroon
- exclusion of Cameroonian sensitive sectors from liberalisation for the remaining 20% of exports (Cameroonian sectors still needing protection from EU imports, e.g. farm products like meat, flour and dairy products)
- EU infrastructure support to foster cross-border trade with regional neighbours
- EU support to help fragile economic sectors and exporters meet EU import standards
- improved Rules of Origin which will apply once the whole region signs the EPA
- **Gabon, Congo** - no EPA yet signed –trade with the EU under its Generalised System of Preferences scheme. Gabon will be classified as a Upper Middle Income country and this will mean it will not be able to benefit any longer.
- **Chad, CAR, DRC, São Tomé and Equatorial Guinea** - as LDCs, these countries benefit from duty and quota-free EU access under the "Everything but Arms" scheme

The EU is the most important point of reference for the region but Commission TRA is clearly complicated by the overlapping RECs, lack of intra-regional trade, weak and unclear mandates of the CEMAC and CEEAC RECs. The different trade regimes (GSP, ACP EPA and Everything but Arms) and their relative benefits to individual countries in the region have hampered further progress towards a regional EPA. However, it is not known as to what extent the Commission had been involved in attempts to streamline the existing structures.

Source: field mission

Figure 40 - Overlapping Membership in African Regional Organisations as of 2006



Source: Economic Commission for Africa, 2006

The situation in **MERCOSUR** is not much different from that of other regional organisations, Strategies and regulations are in place and are clear, however the implementation by the two larger Member States (Brazil and Argentina) is frequently an issue.

Source: field mission

Overall, it is difficult to evaluate the regional integration of regional organisations in Asia, Africa and Latin America using EU benchmarks. No-where has deeply institutionalised integration in form of fully implemented regional FTAs or Custom Unions emerged. ASEAN, COMESA and MERCOSUR are all inter-governmental and not supranational organisations which are

characterised by a high level of diversity in terms of the respective member states' stages of growth and development. All have nevertheless made strong progress in many areas during the evaluation period, as several indicators under EQ7 show. The main issue is not a lack of strategy on the part of the EU and the respective regional organisations but often a lack of political will and implementation capacity.

7.1.3 I 7.1.3 New protocols, framework agreements or harmonised regulations agreed and implemented

The frequently expressed frustration – by the EU itself, in evaluation reports and other studies – about the slow pace of the implementation of Free Trade Areas and Custom Unions should not be interpreted as a failure of the EU approach. Below the level of fully implemented regional economic communities there is ample evidence for the significant contribution of Commission TA to the emergence of agreements and harmonised regulation particularly for ASEAN and COMESA. However, this does not apply to MERCOSUR where EU TRA has not resulted in new protocols, framework agreements or harmonised regulations.

In ASEAN, the Commission supported ASEAN Programme for Regional Integration Support II (APRIS II) made important contributions to

- the adoption of harmonised ASEAN standards, conformance measures and regulations in specific sectors;
- the harmonisation of ASEAN standards with international standards, guided by EU standards where relevant;
- the development of common post market surveillance systems in ASEAN Member States (AMS);
- the development of ASEAN Reference Laboratories and improved knowledge of Good Manufacturing Practise;
- the gradual implementation of the ASEAN Single Window (ASW) and ASEAN Customs Declaration Document (ACDD) and Certificates of Origin (particularly the CEPT Form and preferential Certificates of Origin);
- the harmonisation of data in other trade documents as an input to the envisaged ASW. In this regard, the ASEAN Single Window Technical Working Group (TWG) agreed to attach priority to Certificates of Origin, including Form A for GSO and Form D for CEPT/AFTA, in pursuing its data-harmonisation agenda.

The Commission-ASEAN Intellectual Property Rights Cooperation Programme (ECAP II) also paved the way for regional harmonisation. ECAP II has become a reputed authority and a reference point for IPR development in ASEAN. The Commission approach to Geographical Indications has been widely adopted and forms the main pillar for regional harmonisation. ECAP II's most immediate tangible effect is that it is laying the basic foundations for IPR systems to be conducive to trade, investment and technology transfer in the future. Another effect of the programme is that it is promoting interaction among IPR actors i.e. between private sector enforcement agencies and between academic institutions and administrative bodies in a context where this interaction did not exist.

Source: field mission, ECAP II evaluation; regional organisation fiche (ASEAN Programme for Regional Integration Support II (APRIS II), Mid-term Review September 2008; ROM reports)

In COMESA, there have been several new protocols, framework agreements and harmonised regulations agreed, but implementation has often been patchy. We consider a few examples.

- An important aspect of consolidation of the FTA has been the operationalization of COMESA rules of origin supported by the RISP.
- In 2009 several key principles and regulations to allow for the eventual establishment of a Customs union were agreed. Twelve member states have submitted lists of sensitive products. A formula adopted by the 27th meeting of the Council of Ministers has enabled the Secretariat to generate draft tariff alignment schedules. The RISP was the key source of support in this area.
- Trade facilitation measures, supported by the RISP, have been established, including a regional customs trade guarantee scheme, and in 2009 the implementation of ASYCUDA in five member states. However, implementation is patchy.

- EU TRA via the RISP, as well as training via TradeCom, has been very important to a Common Trade Policy Regulation on Trade in Services was adopted in 2009, with principles, guidelines and priority sectors agreed to lead the negotiations.
- A significant area of support for the RISP has been Competition, which enabled the formulation of regional regulations and rules through extensive consultations. However, there is little evidence for actual implementation.

EU TRA, through the RISP and support to the Hubs and Spokes Programme, has been instrumental in the Interim Economic Partnership Agreement between the EU and four COMESA member states. The agreement has replaced the trade arrangements under the Cotonou Partnership Agreement that came to end in 2007. The IEPA has allowed for continued and expanded market access for non LDCs. However, several issues remain outstanding including the definition of substantially all trade, export subsidies in agriculture, and resources.

The RISP has also been a key supporter of the establishment of the Small Traders Regime, which has made it simpler for informal traders to operate. The RISP has contributed to the establishment of the Tripartite FTA by raising awareness on policy dialogue between the Regional Economic Communities leading to the Tripartite Summit in October 2008 which led to the TFTA process. And through support to SPS/TBT there have been harmonised regulations and regional standards agreed and adopted.

In co-operation with the RTFP and then TradeMark SA, RISP has supported in COMESA in reviewing enforcement of NTB provisions. Studies and a process of consultations have reviewed the options for an enforcement mechanism considering both penalty and suspension of concessions – leading to a consensus on suspension of penalties as the appropriate sanction. This work has been relevant not only for COMESA but is also integral to the TFTA Annex 14 on NTBs.

However, COMESA and generally ESA-IO have made slower progress towards the actual implementation of harmonisation and new agreements than ASEAN. “In the Regional Integration and Trade area there has been little apparent progress in reaching any agreement between the SADC and the ESA-IO RIAs.” Concrete results include COMESA’s adoption of a Common Tariff Nomenclature (CTN) along the Harmonised System (HS) Version 2002 at the 8-digit level and goods which are classified in four categories: capital goods, raw materials, intermediate goods and finished products.

Source: field mission, regional organisation fiche

7.1.4 I 7.1.4 Number of regional economic communities supported by Commission TRA that have adopted adequate provisions on TBT, SPS and trade facilitation

This indicator cannot simply be assessed in a quantitative way. The vast majority of regional economic communities and organisations (REC) in the world have adopted provisions on TBT and SPS. However, what really matters is the adequacy and implementation of the agreed provisions. Outside Europe and North America Commission-supported trade facilitation is most comprehensive in ASEAN. Trade facilitation is one means by which non-tariff barriers to trade, such as TBT and SPS are reduced. But also the Andean Community, MERCOSUR – have adopted provisions on TBS and SPS. TBTs are not an important issue in Sub-Saharan African regional trade agreements (RTAs) but some SPS regulations are in place, at least in draft form. There has been Commission contribution in all cases although it is difficult to provide estimates in quantitative terms due to the involvement of other donors.³³ The clearest case not only for Commission contribution but also attribution is ASEAN.

The following discussion concentrates on TBT and SPS. The existence of intra-regional trade facilitation – defined as the “simplification and harmonisation of international trade procedures covering the activities, practices and formalities involved in collecting, presenting, communicating and processing data and other information required for the movement of goods in international trade”³⁴ – is given in all RECs. It also goes without saying that the specific scope and level of trade facilitation differs from REC to REC.

³³ See for example Report Of The Comesa Eac And SADC Technical Meeting To Develop A Tripartite Workplan, Hotel Intercontinental, Lusaka, Zambia, 8 To 9 December 2010; East African Business Council, Brief Summary, Activities And Achievements For Trade Capacity Building Programme Project Summary,

³⁴ Brent Layton. Trade Facilitation: A Study in the Context of the ASEAN Economic Community Blueprint. In: Hadi Soesastro (ed.) Deepening Economic Integration in East Asia – The ASEAN Economic Community and Beyond. ERIA Research Project Report 2007, No. 1-2, p. 75, <http://www.eria.org/research/images/pdf/PDF%20No.1-2/No.1-2-part2-5.pdf>

In **ASEAN**, until recently member states did not have generally applicable obligations in respect of SPS and TBT amongst them apart from the WTO Agreements and had relied instead on the negotiation and implementation of sectoral mutual recognition agreements (MRAs). However, this changed with the implementation of the ASEAN Trade in Goods Agreement (ATIGA) of 2009 which contains new obligations in both the TBT and SPS areas.³⁵ The process towards ATIGA was supported by the Standards and SPS component of APRIS II. But the way had already been paved by the Commission-ASEAN Regional Economic Cooperation Programme on Standards, Quality, and Conformity Assessment (1998-2005).

Cosmetics is a case in point. The cosmetics sector is the only sector in ASEAN to have introduced a common regulatory framework in the form of a Directive (closely modelled on that of the EU) requiring formal “transposition” into the law of participating states. The ASEAN Cosmetics Directive (ACD) aims to limit restrictions on the trade of cosmetic products by streamlining technical controls (based on common lists of banned ingredients, and the way in which products are registered, manufacturing undertaken and information on products presented), promoting mutual recognition in terms of product notification and labelling, and establishing co-ordinated market surveillance systems to ensure the safety, quality and claimed benefits of products that are sold.

APRIS II made a strong contribution to the implementation of the Directive:

- supported the transposition process with TA, together with training for regulators and industry on how to develop Product Information Files, product safety and post market surveillance,
- Supported the development of the ASEAN Cosmetic Testing Laboratory Network (ACTLN);
- For the industry, APRIS II provided training on the implementation of Good Manufacturing Practice (GMP), producing a set of Guidelines on GMP, and helped SME (via their national regulatory authorities) to understand the essential requirements of the Directive.

In the electrical and electronics sector the ASEAN Harmonised Electrical and Electronics Equipment Regulatory Regime (EEERR) was signed in December 2005 and has resulted in 139 harmonised standards for electrical appliances, electrical safety and electromagnetic components. EC-ASEAN Economic Cooperation Programme on Standards and Conformity Assessment, which was implemented by the European Committee for Standardisation (CEN), was instrumental in supporting the establishment of the EEERR, while APRIS II supported its implementation, mainly through training and study tours. Harmonisation of technical regulations is also underway for rubber-based, automotive, medical devices, pharmaceuticals, traditional medicine and health supplement sectors.

UN Globally Harmonised System of Classification and Labelling of Chemicals (GHS): GHS is a system for standardising and harmonising the classification and labelling of chemicals. Within ASEAN, since 2005, GHS implementation support has taken place within the framework of the “Strengthening National and Regional Capacities to Implement the GHS in ASEAN” project (phase I 2005-2007; phase II since 2010), which has mainly funded by the EU with additional contributions from UNITAR.

In sum, there is evidence for EU attribution to the ASEAN Cosmetics Directive and GHS and evidence for (strong) contribution in all other sectors. Furthermore, in the TBT area, APRIS II strongly contributed to the “development of the revised and consolidated ASEAN Trade in Goods Agreement (ATIGA)” – which will obligate ASEAN member governments to follow the TBT Agreement’s “Code of Good Practice”, use international standards where possible and ensure that technical regulations are not adopted in ways that frustrate trade in ASEAN. Where applicable, technical regulations must be applied in ways that facilitate the implementation of any ASEAN sectoral MRAs and conformity assessment procedures are expected to be consistent with international standards and practices. A unique feature of the ATIGA is the establishment of a “Post Market Surveillance” system, supported by “Alert Systems” designed to ensure ongoing compliance on the part of producers.³⁶

In the SPS area, ATIGA obligates members of ASEAN to be guided by international norms and standards in their SPS-related activities and encourages ASEAN member governments to develop

³⁵ <http://www.aseansec.org/22223.pdf>

³⁶ Andrew L. Stoler, Institute for International Trade, The University of Adelaide, TBT and SPS Provisions in Regional Trading Agreements Conference on Regional Integration in Asia and Europe, Sussex, United Kingdom – 14-15 September 2009, p.5, http://iit.adelaide.edu.au/conf/papers/TBT%20in%20RTAs_sussex_as%20delivered_final.pdf

equivalence agreements and explore additional opportunities for intra-ASEAN cooperation. Overall, Commission TRA has significantly contributed to the strengthening of TBT and SPS regimes. The Commission is the main external stakeholder in this field in Southeast Asia and hence achievements can be clearly attributed to the Commission.

Source: field mission, APRIS II Mid-Term Evaluation,

In Latin America, all Commission-supported regional economic communities in Latin America – Andean Community, MERCOSUR – have adopted provisions on TBS and SPS. The regional as opposed to a national approach to the harmonisation of TBS and SPS is increasingly being used in most regions as a path to upgrading standards. Two types of regional approaches to standards upgrading can be identified based on the speed at which the regional standard is upgraded to the international standard. The first is the “one go approach”: member countries of RECs regionally harmonise and upgrade their standards for the selected product at once, equating the regional standard to the international standard. This approach is followed by ASEAN. The second approach is the “gradual upgrading approach”: member countries upgrade their standards gradually towards the international standard rather than immediately. This approach tends to be followed by RECs with members that have a technological level or health, security and environment objectives that are not aligned with international standards. Such is the case of the Andean Community and MERCOSUR. In order to guarantee market access as standards rise, member countries coordinate their upgrading by regionally harmonizing their standards towards a certain intermediate level. Exports satisfying this intermediate standards level are guaranteed market access to member countries’ markets. CARICOM lags behind the Andean Community and MERCOSUR and currently in the process of harmonising TBT and SPS provisions.

Overall, although some decisions at MERCOSUR level may still emerge from the SPS project (outside of the period covered), there is no easily quantifiable provisions adopted.

Source: field mission, Matthew Shearer, Juliana Salles Almeida, Carlos M. Gutierrez, Jr The Treatment of Agriculture in Regional Trade Agreements in the Americas, Inter-American Development Bank 2009, Enrique Aldaz-Carroll, Regional Approaches to Better Standards Systems, World Bank Policy Research Working Paper 3948, June 2006.

In Sub-Saharan Africa the picture is more complex. RECs have been making progress in certain areas but the integration process still faces numerous challenges. Addressing barriers to trade caused by TBTs is one of these challenges. TBTs are not an important issue in Sub-Saharan African RTAs. A Commission-sponsored review finds that only one of the eight agreements surveyed (WAEMU, Commission OWAS, CEMAC, SA-EU TDCA, COMESA, EAC, SACU, SADC) refers explicitly to the WTO TBT Agreement. This is SADC. Most of the RTAs refer to the elimination of TBT-related barriers or harmonisation of legitimate measures but use broad and non-mandatory language. Few of the eight RTAs require or encourage parties to accept as equivalent the other parties’ regulations and conformance procedures. Mutual recognition is envisaged by some, but mostly as a goal and in broad terms. None of the agreements reviewed require that parties explain the reasons for non-recognition. Finally, there are no clauses prescribing transparency and no procedures for dealing with disputes over TBT matters.

In the case of SPS some regulations are in place, at least in draft form.

Table 7 - SPS Provisions in African RECs

REC	SPS
Common Market for Eastern and Southern Africa (COMESA)	Draft Regulations on the Application of Sanitary and Phytosanitary Measures – Annex IV, May 2009
East African Community (EAC)	Final Draft of the Protocol on Sanitary and Phytosanitary Measures for the East African Community – Annex III, May 2009
Southern African Development Community (SADC)	Sanitary and Phytosanitary (SPS) Annex to the SADC Protocol on Trade, 12 July 2008
West African Economic and	Règlement

Monetary Union (WAEMU)	N°7/2007/CM/UEMOA Relatif à la Sécurité Sanitaire des Végétaux, des Animaux et des Aliments dans l'UEMOA
Economic Community Of West African States (CommissionOWAS)	Regulation C/REG...06/09 on the Harmonisation of the Structural Framework and Operational Rules Pertaining to the Health Safety of Plant, Animals and Foods in the CommissionOWAS Region
Community of Sahel-Saharan States (CEN-SAD)	SPS framework will be developed after the adoption of the region's free trade zone
Economic Community of Central African States (CommissionCAS)	Intends to develop common phytosanitary regulations for the region
Maghreb Arab Union (MAU)	No information available

Sources: João Magalhães. Regional Sanitary and Phytosanitary Frameworks and Strategies in Africa. Report for the Standards and Trade Development Facility (STDF), July 2010, p. 8

The challenges to address SPS issues in **Africa** are immense, including

- The absence of national strategies to deal with food safety, animal and plant health issues and poor national coordination are common to most African countries.
- Similarly, the lack of public awareness and need for sensitisation, in a continent where food security is often the main concern, is of vital significance.
- Inadequate or highly fragmented SPS measures, often not based on legislation, lead to a reduction of export capacity and affect countries' ability to control the safety of imports.
- It appears that national interests often undermine efforts to address these issues at the regional level. Country representatives attend regional meetings but stick to national priorities and do not necessarily share SPS information collected during those meetings with other colleagues - or they move on to other business and meetings and well intentioned regional recommendations are forgotten
- Several regional RECs have developed SPS policy frameworks which, to a greater or lesser extent, "mirror" the WTO SPS Agreement. Using the WTO language out of context raises legal concerns and, in the most extreme cases, raises the question of the utility of such frameworks.
- Most important remains the question of the practical implementation of such instruments. There is little evidence that those frameworks have achieved their aim, and heard similar opinions in this regard from others in the field. One of the reasons for a rather unclear picture is the – sometimes admitted – incapacity of the RECs to monitor implementation, due to the lack of resources both at regional and national levels.
- There are also concerns with the issue of overlap among different SPS regional policy frameworks, especially when the same country is a member of more than one REC.

Commission TRA has contributed to the SPS and TBT agenda particularly through the West Africa Quality Programme (WAQP) – implemented since 2007 by UNIDO - covering all 15 **ECOWAS** Member States. The programme has been directed toward creating an environment that facilitates compliance with international trade rules and technical regulations, in particular, compliance with WTO agreements on TBT and SPS, through the establishment and/or the strengthening of national and regional quality infrastructure that provides effective services in standardization, conformity assessment and accreditation that meet international standards. Extensive project documentation suggests that marked progress has been made towards achieving this objective but there are currently no monitoring or evaluation reports available.

Source: Meyer, N. et al. (2010), "Bilateral and Regional Trade Agreements and Technical Barriers to Trade: An African Perspective", OECD Trade Policy Working Papers, No. 96, OECD Publishing, João Magalhães. Regional Sanitary and

Phytosanitary Frameworks and Strategies in Africa. Report for the Standards and Trade Development Facility (STDF), July 2010, pp. 32-23. <http://qualitywestafrica.org/prototype/>

In the particular case of Cap Verde, the 2011 One UN Programme Annual Report (p. 10) states that WAQP “achieved its output ‘Market standards and technical regulations for products for exports are implemented through state of art laboratories, inspections and traceability schemes’ Cape Verde is now better prepared to answer to the standards requirements of the World Trade Organization, Special Partnership with European Union and national food safety and The National Quality System was defined and the National Institute was created”

Source: <http://www.un.cv/files/One%20Program%20Annual%20Report%202010.pdf>

As for **COMESA**, the RSE 2008 finds that “Less progress has been made on non-tariff barriers (NTBs) which significantly hamper intraregional trade. To some extent, they may have actually increased with the elimination of tariffs, although the evidence is inevitably anecdotal. There are regularly reported cases of exports from other CU or FTA members being rejected because they do not meet the importing country’s standards or SPS rules, or of their being detained for unnecessary periods at the borders, or of other forms of what is effectively protectionism. Both the EAC and COMESA Secretariats have programmes under way to deal with these problems and increasing attention is being placed on standards, SPS and so forth. The EAC approach appears to be more pro-active and – as in other areas – the EAC Secretariat seems to be ahead.”

Source: regional organisation fiche (Evaluation of the Commission’s support to the Region of Eastern and Southern Africa and the Indian Ocean Regional Level Evaluation - FINAL REPORT – December 2008 (RSE), p. 32)

7.2 JC 7.2: Degree to which Commission TRA facilitated the implementation of regional economic commitments at national level

7.2.1 I 7.2.1 Regional agreements reflected in national government policy and commitments implemented at national level, including reduction of applied tariff rates and non-tariff barriers

To varied degrees regional integration has moved up on the agenda of national priorities during the evaluation period. Regional agreements are now reflected in national government policy and strategic planning in the vast majority of states where evidence was collected for this evaluation. However, there is a gap between ambition and vision and actual implementation. The implementation of regional agreements at the national level is only measured and systematically assessed in the case of ASEAN.

Overall, the Commission has comprehensively supported the translation of regional agreements to foster economic integration, particularly free trade, into national policy. The main challenges remain the implementation of such agreements at the level of member states who often lack the political will and sometimes also capacities to do so.

Overall, there is clear evidence that in Asia and Africa the Commission’s regional integration support programmes have been linked up with support for the national implementation of regional agreements, often via the national Ministries of Trade. A main focus has been on the capacity-building for member states to fulfil their regional integration commitments, in particular with regards to FTAs and customs. The most systematically approach of linking TRA in support of regional economic integration at regional and national levels has taken place in ASEAN.

Figure 41 - ASEAN Economic Community (AEC) Scorecard



Source: ASEAN Economic Community Scorecard, p. 22.

In ASEAN, the ASEAN Economic Community (AEC) Scorecard report provides a comprehensive overview of the state of implementation of the commitments in individual sectors of the AEC at the national level for the period 2008-2011 and generally concludes:

- ASEAN has made considerable progress in implementing the AEC. As of end- December 2011, it has completed 187 measures (67.5%) out of 277 measures due for the two phases under review of the scorecard (2008-2011).
- Some measures due for implementation have not been fully implemented (see below). This short fall mainly results from the delays in ratification of signed ASEAN-wide agreements and their alignment into national domestic laws as well as delays in implementation of specific initiatives.
- At country level, a number of in-country measures remain to be implemented and result in delays in realising regional measures.
- Under the AEC scorecard, a regional measure will only be considered implemented if all the ten ASEAN Member States are able to implement the measures in their individual jurisdiction. Hence, failure of one country to move and implement the measures may result in non-implementation of regional measures.

The Scorecard does not provide any explicit evidence of specific Commission TRA to these achievements (the Commission is not specifically mentioned in the document). The EU-ASEAN Statistical Capacity Building Programme/EASCAP (2009-2013) has made a contribution to the scorecard mechanism based on the approach of strengthening ASEAN integration through more accurate and relevant statistics,

although the ASEAN Integration Monitoring Office (AIMO), which produces the scorecard, has been more directly supported by a GIZ-project (funded by the German Federal Foreign Office).

Source: field mission, ASEAN Secretariat. ASEAN Economic Community Scorecard, Phase I (2008-2009) and Phase II (2010-2011), Jakarta 2012, p. 17, http://www.aseansec.org/documents/scorecard_final.pdf

In **COMESA**, the main achievement has been through support to the expansion of the FTA. Members belonging to the FTA have increased during the period of support from 11 to 14 countries. However, there are no conclusive data on intra-COMESA trade flows. However, no mechanism comparable to the ASEAN Scorecard exists to assess the implementation of regional agreements at the national level exists.

The RISP has also supported the development of the regulations relating to the Customs Union. The Common Tariff Nomenclature (CTN), Common External Tariff (CET) and the Customs Management Regulations (CMR) were finalized and approved in 2009 by the Council and eleven Member States submitted their provisional lists of sensitive products. Sensitisation of stakeholders was undertaken in six countries supported by the RISP. However, Member States have not aligned their national tariffs to the CTN/CET and they had not domesticated the CMRs as expected. The question of whether there is the political will amongst member states to pool sovereignty sufficiently to establish a CU has been raised by interviewees and has been a subject of discussion between the Secretariat and the Delegation.

A further example of the challenge of national level implementation is the COMESA Common Investment Area (CCIA). The CCIA was adopted in 2007. However, member States are yet to provide key implementing regulation – the sensitive and the temporary exclusion lists.

Non tariff barriers have been a growing concern and an increasingly important area of support for the RISP and other donors, including TradeMark SA. A key element of support from the RISP has been through the Senior Trade and Senior Customs Expert and supporting sensitisation. At national level most countries have established National Focal Points and National Monitoring Committees and sensitisation and training has been provided to operationalize the Non Tariff Barrier Monitoring Mechanism (NTBMM). The removal of several NTBs has been attributed in part to the NTBMM³⁷.

The case of **COMESA** exemplifies the general problem of the lack of “domestication”, or transposition, which has long been recognised as the main issue for achieving regional integration. As stated in interview with a key figure in COMESA “the major weakness has been that we generate lots of decisions but implement very little”. Support of the RISP and RISM, in co-ordination with other international co-operating partners, in particular the RTFP and the TradeMark programmes of DfID, are important in addressing this issue. Under the RISP, and in addition to the NTBMM, a monitoring mechanism has been developed to assess implementation/ transposition of decisions and regional regulations; this has been accompanied by monitoring missions to member states by the Secretariat. The aim of future RISP support is to develop the equivalent of the single market score card to enhance transparency and promote the use of peer pressure. The RISP has also supported National Trade and Development Policy Forums. These offer significant potential to link regional and national agendas and implementation. However, support has been limited and they have not been operationalized in every member state. And where they have they do not have the necessary capacity to perform their function. This is an opportunity missed.

A further important point is that a key element in COMESA’s facilitation of the regional integration process has been that experts have competence, credibility and independence from member states. A concern has been raised that the long term consequence of the CA is that with member state involvement in staff selection might be to reduce independence of the secretariat.

Source: field mission, regional organisation fiche

In **Côte d’Ivoire**, the Commission’s TRA has facilitated the mainstreaming (not yet the implementation) of regional economic commitments at national level. Towards the end of the evaluation period, the regional integration of the national economy has become a central part and anchor for TRA programming and formulation (an assessment of the actual implementation would have been premature for 2010, the end of the evaluation period). At the same time, however, evidence for an effective coordination of TRA at national and regional level is rather limited. Cooperation with regional TRA and the corresponding decision makers at

³⁷ Including NTBs relating to Egypt and Kenya on engraving steel products entering Egypt “Made in Kenya”, Rwanda and Kenya on originating status of Steel and steel products, and Zambia’s ban on milk and milk products from Kenya were resolved. Source: RISP1 Final Report, June 2010.

regional policy level seems to be limited to information exchange (top-down information channel from the regional to the national level) which no real involvement of national decision makers in regional TRA programming, formulation and implementation. Moreover, there is no evidence of a systematic monitoring informing about the level of regional integration at national level.

Source: field mission

A cause and effect analysis of the specific problems associated with the implementation of the integration agenda of the region at the ESA-IO levels identified the following main issues:

- The limited financial capacity of member States to address the short term constraints of trade liberalisation, including direct revenue losses related to imports and the adjustments that would be required to maintain macro-economic stability;
- The need to improve coordination and coherence in the formulation and implementation of national and regional policies;
- The need for more technical support to the harmonisation process of regional Integration policies among the different RECs in the ESA.

Source: Financing proposal of Regional Integration Support Mechanism

Overall, the lack of member states' compliance with regional agreements and – often related – limited implementation capacities is the most pressing issue regarding 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, refers to insufficient coordination between integration-focussed intervention at the regional and national levels. The following two quotes can be considered representative of this assessment:

“There is hardly any institutionalized exchange of information, let alone coordination and cooperation, between APRIS II and national level TRTA programmes being implemented or planned in a number of AMS which are also dealing with conformance and standards, customs administration and other economic development issues which will impact on regional integration. In addition, there is considerable variation in the absorptive capacity of each AMS, arising mainly from the significant development gap. As a regional project, APRIS II should always keep this in mind in the identification, design and implementation of sub-projects which are dependent on responses at the national level to technical assistance inputs.”

Source: MTR of The ASEAN Programme for Regional Integration Support II September 2008. P. 1

“The EU and its Member States are committed to supporting regional integration organisations in implementing their strategies. Pursuing AfT at regional level also means translating national needs into regional policies, and regional policies into national implementation strategies. Many challenges need to be overcome (lack of articulated demand for regional AfT; lack of coherence between national and regional priorities; lack of credible lending authorities at regional level; lack of effective coordination at regional level; difficulties in monitoring and evaluating at regional level; and lack of credible mutual accountability mechanisms at regional level). Despite these difficulties, there is an increasing interest in support for regional integration as part of the EU Aid for Trade agenda. In 19 of the 77 countries for which field data were obtained, regional priorities for AfT are ‘considerably’ addressed in the national development strategies, whereas in 47 they are addressed only to a certain extent. In practice, the situation is somewhat better, with 52 out of 77 partner countries having national programmes that are acting on regional AfT priorities (24 fully and 28 partially). Whereas regional integration in the ACP receives specific attention through the efforts to establish regional AfT packages, the regional dimension of AfT is equally important in non- ACP regions. For the 31 non-ACP countries from which EU delegations provided feedback, AfT related regional priorities appeared to be reflected in the national development strategies (18 ‘somewhat’ and 9 ‘considerably’ - the exception being Algeria, Pakistan, Tajikistan and Nepal). Of these 27 countries, 22 had national programmes acting on regional AfT priorities.

Source: European Commission. SEC(2011) 503 final, AID FOR TRADE MONITORING REPORT 2011, p. 21

7.2.2 I 7.2.2 Broader national adjustment and implementation measures resulting from regional commitments are supported at national level (NIP)

Most countries, with the notable exception of Bangladesh, that are member of regional economic cooperation schemes have received some targeted Commission support to foster regional integration through the implementation of policy commitments at the national level.

The following table depicts which CSP addresses TRA activities derived from regional agreements or the membership in regional organisations.

Table 8 - CSPs reflecting on regional agreements and TRA activities derived from them

Country	CSP I	CSP II
Bangladesh	No	No
Burkina Faso	Yes	Yes
Cambodia	Yes	Yes
Cameroon	No	No (only regional agreements mentioned but no supporting TRA activities)
China	No	No
Côte d'Ivoire	No (only regional agreements mentioned but no supporting TRA activities)	No (only regional agreements mentioned but no supporting TRA activities)
Dominica	Yes	Yes
Egypt	Yes	Yes
El Salvador	Yes	Yes
Ghana	No	Yes
Guyana	Yes	No (only regional agreements mentioned but no supporting TRA activities)
India	Yes	Yes
Jordan	Yes	Yes
Mozambique	Yes	Yes
Paraguay	Yes	Yes
Russian Federation	No	No
Senegal	Yes	Yes
South Africa	Yes	Yes
Tanzania	No (only regional agreements mentioned but no supporting TRA activities)	No (only regional agreements mentioned but no supporting TRA activities)
Tunisia	No (only regional agreements mentioned but no supporting TRA activities)	Yes
Ukraine	No	No
Vietnam	Yes	Yes
Zambia	No (only regional agreements mentioned but no supporting TRA activities)	Yes

Source: CSP/RSP analysis

In **Southeast 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:

- ASEAN Programme for Regional Integration Support (APRIS) I, II and III
- Commission-ASEAN Economic Cooperation Programme on Standards, Quality and Conformity Assessment (2003-2005)
- Commission-ASEAN Project on the Protection of Intellectual Property Rights (ECAP I, II and III)

Source: regional organisation fiche

Vietnam is a good example for the successful implementation of Commission-assisted efforts to implemented regional agreements at the national level. The Evaluation of the European Commission's Cooperation with Vietnam notes "An important part of the Commission's support for Vietnam's economic integration into the regional and global environment was via ASEAN-level Commission cooperation programmes. These ran on a double-track, support to the ASEAN Secretariat through the APRIS project and support to ASEAN Member States through regional programmes such as the Commission-ASEAN Economic Cooperation Programme on Standards, Quality and Conformity Assessment (2003-2005), ECAP I and II (devoted to intellectual property rights), as well as Asia-level programmes such as Asia ProEco, AsiaInvest and the Asia Trust Fund. All regional programmes have stated the fostering of ASEAN integration as one of their overall objectives. Vietnam has participated in and benefitted significantly from all programmes."³⁸

The outcomes in other regions are not as straightforward. Nowhere outside Southeast Asia has the Commission applied the same approach of systematically implementing national components of regional programmes across the entire respective regional economic community.

Source: country fiche

In Bangladesh, during the evaluation period the country had not received targeted Commission support to foster regional integration through the implementation of policy commitments at the national level given the limited significance of the 1985 established South Asian Association for Regional Cooperation (SAARC), comprising Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. The EUD – both in the survey and meetings during the field mission - stressed the low the low significance of attempts at regional economic integration. The lack of support was also due to reason beyond the Commission's control (see below).

The South Asian region has attempted to intensify regional economic integration since the mid-1980s through regional, subregional and bilateral arrangements. There are currently more than 25 signed or proposed FTAs in the region; one is a subregional trade grouping, the Bengal Initiative for Multisectoral Techno-Economic Cooperation (BIMSTEC), and one is a regional trade agreement (SAFTA) – under SAARC - while the other are bilateral trade agreements. Unlike many other regional schemes in different parts of the world, attempts at regional economic integration in South Asia has made little headway in expanding trade within the region. The region has maintained a high growth rate in its external sector performance. But growth in intraregional trade is a relatively recent phenomenon. Inter-regional trade accounts for less than 5% of South Asia's overall trade. By comparison, intraregional trade among the ten member states of the Association of Southeast Asian Nations (ASEAN) currently stands at 26%.³⁹

In the Regional Strategy for Asia 2007-2013 "Regional cooperation in Asia" was identified as the first of three priority areas. € 78 million were committed to the support of the Asia-Europe Meeting (ASEM), ASEAN and SAARC. The MTR found "Although some € 2.6 million were committed in 2007 for EU-SAARC Economic Cooperation, and tremendous efforts were made by the Commission to safeguard the project, the funds are now lost because SAARC Member States did not empower the SAARC Secretariat to sign the Financing Agreement."

³⁸ Evaluation of the European Commission's Cooperation with Vietnam, Final Report, Vol. 2, October 2009, p. 95. See also MUTRAP III - Multilateral Trade Assistance Project Multilateral Trade Assistance Project (MUTRAP 3), MTR, p. 20.

³⁹ For a more comprehensive analysis see Sachin Chaturvedi. Trade Facilitation Measures in Southeast Asian FTAs: an Overview of Initiatives and Policy Approaches.

Source: country fiche Bangladesh (MTR DOCUMENT REGIONAL STRATEGY FOR ASIA 2007-2013 MULTI-ANNUAL PROGRAMME FOR ASIA (MIP) 2011-2013, ADOPTED BY COMMISSION DECISION C(2010) 7863 OF 17 NOVEMBER 2010, p. 10.), CSP/RSP analysis

In **COMESA**, RISP support has assisted member states in developing competition law and establishing enforcing institutions between 2005 and 2010. Capacity building on rules of origin targeted at stakeholders in Member states was conducted in several countries.

The RISP has supported the establishment of National Development and Trade Policy Forums (NDTPFs) which are aimed at developing national positions on regional integration and implementing regional policies. As of 2010 they were operational in 4 member states and established in a further 3. The RISP allows them to be supported financially via the COMESA secretariat, via a formal agreement and subject to conformity with the EISP annual work plan. This potentially offers an important instrument for linking regional commitments with national implementation and with ensuring national development objectives feed into regional agreements. This area of support received less than 2% of RISP funding. In interviews with COMESA officials it became clear that the NDTPFs were not fully established or working as they should – with co-ordinating Ministries not having the capacity to co-ordinate or implement. This is an area in urgent need of attention as it has significant potential to help address this key challenge.

EU TRA has also supported the development of the COMESA Adjustment Facility (CAF) and via the RISM has provided resources for the fund. The CAF came into force in 2007 and since then has disbursed €31.7 million for Burundi and Rwanda to compensate them for revenue losses on adoption of the (EAC) CET. The CAF was a very significant innovation and has the potential to significantly enhance regional integration through easing the burden of adjustment. But, it needs to be noted that political will is a necessary condition for implementing changes that require adjustment.

Source: RISP1 Final Report June 2010, page VII, field mission

Country-specific evidence that the Commission supported national adjustment and implementation measures resulting from regional commitments is mainly available for specific bilateral programmes:

In Zambia, a key achievement in the context of regional integration has been Zambia's compliance with tariff phase downs in particular in SADC. The fiscal challenge that this could represent has long been recognised⁴⁰. The transposition challenge of regional agreements into laws is being addressed by COMESA as a key issue going forward. Support to the Department of Trade in regard of international trade requirements planned under the Capacity Building for Private Sector Development project (CapBuild) targeted the implementation of the "Control of Goods Act", and elements of the "Customs and Excise Act". Studies were carried out on the design and implementation of regulations and compliance to international trade requirements. Support was also given to improve trade negotiations and to involve private sector stakeholders in the negotiation process.

Source: http://www.sadc.int/files/2513/3095/9663/CMT-23-7.4_2011_SADC_Trade_Audit_Final_-_Nov_2011.pdf, country fiche, Capacity Building for Private Sector Development - FED/2004/016-972, TAP Activities

In Cameroon, overall the Commission seems to have concentrated on assistance to regional integration in other areas, such as infrastructure, rather than TRA. EPA negotiations are ongoing, until there is a clearer position it is difficult for the EU to engage in facilitating implementation of regional economic commitments. Some national projects, however, were linked to the regional integration agenda. The Programme d'appui et de soutien à l'accord de partenariat économique (PASAPE) was directly related to the priority intervention sector (regional integration and trade) as mentioned in the CSP. The TRA-programme Programme d'Appui au Plan de Modernisation des Douanes (PAPMOD) targeted the customs administration and an increase in the efficiency of customs services.

Source: country fiche (FED/2007/018-833, TAP – October 2007.), field mission

⁴⁰ P. Khandelwal, 'COMESA and SADC: Prospects and Challenges for Regional Trade Integration' [2004]

In **Côte d'Ivoire**, throughout the evaluation period, TRA contributed to better anchoring regional integration schemes at national level and to strengthen the related national administration, mainly through support to the Ministry of Regional Integration. Corresponding TRA support has evolved over time from a rather ad-hoc support to accompany EPA agreement preparation to a more comprehensive institutional capacity strengthening which is highly appreciated by involved decision makers at ministry level. However, its implementation is still lacking.

Source: country fiche

While in **MERCOSUR**, regional integration was not furthered by the Commission TRA we found evidence that in the case of Paraguay, the project *Fortalecimiento de la Competitividad del Sector Exportador Paraguayo (FOCOSEP) – Strengthening of the competitiveness of the export sector in Paraguay (2006-2010)* had the overall related objectives of improving the country's insertion in international markets, taking advantage of existing potential in the framework of MERCOSUR, the Association Agreement EU/Mercosur and the GSP granted by the EU, the WTO Agreements and the Doha Agenda. Subsequent monitoring missions confirmed the high relevance of the programme which enabled Paraguay to strengthen its position within MERCOSUR.

Source: field mission, regional organisation fiche (MRSA 2008, p. 3; 030403.04 MR-ROM, 03.05.2011, p.2)

7.3 JC 7.3: Degree to which Commission TRA strengthened institutional capacities of regional secretariats to support regional integration processes

7.3.1 I 7.3.1 Robust analysis of the level of regional capacity and clear identification of drivers and constraints for improving capacity

The analysis of regional economic processes in Commission strategies and project documentation is normally confined to an overview of the achievements and shortcomings/challenges of the respective processes in general structural term. This applies to all RECs in similar ways. While there is little documented evidence for a “robust analysis”, i.e. a comprehensive discussion of the drivers and constraints for improving capacity both in terms of structure and agency, the some Secretariats, particularly in COMESA and ASEAN, have been supported to conduct such tasks.

Generally and regardless of the specific region, Commission documents never explicitly identify individual member states, organisations or other stakeholders as drivers or constraints in the respective regional integration processes. At the same time, particularly towards the end of the evaluation period, the Commission – through TA and capacity building - has significantly contributed to the ability of the secretariats of RECs to undertake analyses.

In **COMESA**, assessing the level of regional capacity and identifying the drivers and constraints for improving capacity have been approached through country assessments, monitoring and supporting adjustments. At the level of the secretariat administration and management, the Contribution Agreement required a four pillar assessment and the RISP provided significant resources (39 members of Staff) to supporting management functions and has led to the develop of a procurement manual and accounting system.

At the level of improving the capacity of the Secretariat in terms of helping to address the key issue of implementation at national level of regional commitments, the RISP has and continues to support the following:

- Country assessments: The Secretariat has undertaken missions to member states to assess the status of implementation and what is going on “on the ground”. The objective has been to assess where the gaps are and why they are not being filled.
- Monitoring and peer pressure: The Non Tariff Barrier Monitoring Mechanism has been established and regulation for the enforcement of NTB removal has been put forward, including the TFTA
- Supporting adjustment: The adjustment fund has been developed and reassessed. RISM is the main financing instrument to support adjustment. The need for such support is key – both with regards to making it easier/ more feasible for countries to implement and in terms of ensuring a positive development impact from regional integration.

Source: field mission, http://ec.europa.eu/internal_market/score/docs/score02/score2_en.pdf

Overall, the Regional Integration Support Programme (RISP) supported the capacity-building of the **COMESA, EAC, IOC and IGAD Secretariats**; the The Hub & Spokes Project on Trade Policy formulation and negotiation supported the COMESA Secretariat with the objective to improve the capacity of ACP countries and their regional integration organisations to manage and increase participation in multilateral and regional trading arrangements.. RISP 2 aims at developing the capacity of COMESA Secretariat (as well as EAC, IOC and IGAD) and the Member States in policy formulation, implementation and monitoring of regional integration as well as multilateral and regional trade. The programme directly supports COMESA Secretariat with technical support to conduct Economic Partnership Agreement (EPA) negotiations with the EU. However, Commission documents do not elaborate in much detail on the actual capacity constraints and needs. A regional training needs assessment on regional trade and negotiation issues was foreseen under RISP II but there is no further information available.

Source: regional organisation fiche COMESA (Regional Integration Support Programme 2 (RISP2) - FED/2009/021-716, Action Fiche, p. 4), field mission

In **ASEAN**, until recently the Commission saw the main constraints for capacity improvement at the regional level – and particularly at the ASEAN Secretariat – and did not give the same level of attention to capacity constraint within the member countries. In other words, the regional agencies were identified as the main bottleneck in the process of regional economic integration, not the member states. This perspective has now partially changed based on findings such as the one that “major bottlenecks to break-through ASEAN reforms lay in numerous country level political stumbling blocks”, which was one of the main conclusions of the of the Evaluation of Commission co-operation with ASEAN in 2009. In other words, the sluggish implementation in ASEAN Member States, not weak capacity at ASEC, is the main constraint to more rapid progress.

This fact was acknowledged by the Commission in 2010 at least in the case of ASEAN: “It has become evident that one of the weakest points of ASEAN is the lack of implementation of regional agreements at national level – i.e. enforcement at ASEAN Member State level, as well as capacity constraints in the Secretariat.”

With regard to ASEAN, a major part of the Commission support for regional economic integration has targeted the Secretariat as one of the main, if not the most important, entry point to reduce capacity constraints according to the Commission’s own analysis. The strengthening of ASEANStats and the scorecard mechanism (I 7.2.1) reflects this approach.

Source: regional organisation fiche (Evaluation of Commission co-operation with ASEAN, Final Report, Volume 1, June 2009, p. 27), MTR DOCUMENT REGIONAL STRATEGY FOR ASIA 2007-2013 MULTI-ANNUAL PROGRAMME FOR ASIA (MIP) 2011-2013 ADOPTED BY COMMISSION DECISION C(2010) 7863 OF 17 NOVEMBER 2010, p. 8., field mission

7.3.2 I 7.3.2 Evidence of effective mechanisms for regional consultations with private sector and other non-state actors to provide voice

Evidence is available for the general existence of some mechanisms for regional consultations with the private sector and other non-state actors but at this stage not much proof has emerged for the *effectiveness* of such mechanisms. It is clear that Commission supports mainly targets governments and regional actors, such as the secretariats of RECs.

In conclusion it should be noted that the Commission seems to have had difficulties in identifying and engaging suitable NSA counterparts.

Table 9 - RSPs addressing involvement of private sector

RO	CSP/RSP I	CSP/RSP II
ASEAN	No	Yes
CARIFORUM	Yes	Yes
COMESA	Yes	No
UEMOA	No	Yes

Source: CSP/RSP analysis

In **ASEAN**, consultations with private sector actors (mainly business organisations) took place in the process of drafting and implementing new regional standards such as the Cosmetics Directives. Generally, however, institutionalised effective mechanism for regional consultations with NSA do not exist on a permanent basis and are not a default approach for EU projects.

The MRT of APRIS II notes, “There has been very limited direct impact on secondary beneficiaries such as the private sector or civil society; though it is envisaged they are the ultimate beneficiaries of a successful regional economic integration process.... It has been stated to the MTR team by a number of stakeholders that the direct involvement of the private sector should be higher in the programme implementation. This is somewhat problematic for a regional programme mostly working through public sector institutions, and where there is no clear private sector counterpart with a regional mandate in many of the sectors in which APRIS II is working.” (ASEAN Programme for Regional Integration Support II (APRIS II), Mid-term Review September 2008. p. 10, 17)

Source: field mission, regional organisation fiche

In **COMESA**, business was not supported under the RISP, but is a target for RISP II. The private sector and other NSA have participated in consultations on the development of most regulation, supported by the RISP. This has been the case in the COMESA CET, where the private sector and other NSA were invited to submit proposals. In SPS, the COMESA work programme looks to develop priorities in part on the basis of the needs of the private sector. They have been included in training on trade in services. And have been actively targeted during the capacity building work of the expansion of the FTA and the ESA EPA.

RISP II was planned to address the establishment and strengthening of public and private sector organisations to participate in regional integration agenda and more specifically to, *inter alia*, establish or strengthen the capacities of private sector organisations to formulate, implement and monitor private sector interests in relation to the regional integration agenda of the ESA-IO region. However, the outcomes are still not known.

Source: field mission, regional organisation fiche (Regional Integration Support Programme 2 (RISP2) - FED/2009/021-716, Action Fiche, p. 3)

In the case of CEMAC, the regional secretariat is in Bangui, capital of Central African Republic. The secretariat does not interact very little or not at all with the private sector.

Source: field mission

7.3.3 I 7.3.3 Increased quality of outputs of TRA supported regional institutions, incl. support to adjustment in member states

Evidence for increased quality of outputs of TRA supported regional institutions exist with regard to ASEAN (again, by far the best performer in this regard), Central America/MCCA and ESA-IO. However, a lack of implementation capacity – and sometimes also insufficient absorption capacity – has been a stumbling block for effectiveness.

In conclusion it can be summarised that there is strong evidence for the increased quality of outputs of TRA supported regional institutions in ASEAN but the results elsewhere are mixed.

In **ASEAN**, a main success story in this regard has been the ECAP which aims at enhancing regional integration by strengthening institutional capacity, and legal and administrative frameworks for protecting IPRs in the region. The current ECAP III, which started on 1 January 2010, is a follow-up to “EU-ASEAN Patents and Trade Marks”/ECAP (1993-1997) and the “EU-ASEAN Intellectual Property Rights Co-operation Programme”/ ECAP II (2000-2007). The overall objective of ECAP III is to further integrate ASEAN countries into the global economy and world trading system to promote economic growth and reduce poverty in the region. The facilitates ASEAN regional integration by building capacity in the ASEC and the ASEAN Member States to manage and benefit from a reinforced IPR system.

Data available via ECAP III’s results-based monitoring system (http://www.ecap-project.org/asean_ip_statistics) provides a snapshot of Application and Registration of Patents, Utility Models, Trademarks, Industrial Designs, Geographical Indications, Plant Variety Rights in ASEAN and some other relevant IPR data for 2009. However, no comparative data is provided for other years and it is therefore impossible to assess the progress which has been made in the IPR sector.

In a similar vein, All M&E reports on the APRIS projects have found that Commission support for the secretariat (ASEC) has increased ASEC’s institutional capacity with regard to the facilitation of the regional integration process. “Support for the ASEAN Secretariat, score extremely high marks for relevance, efficiency, and effectiveness.” ASEC has achieved ISO certification, which places it among the elite of the regional institutions from a management and organisational process perspective. APRIS I and II have played a significant part in facilitating the attainment of this quality, according to the MRT of APRIS II. More specifically APRIS

- was successful in contributing to the economic integration of ASEAN in terms of strategy and policy formulation and overall planning at ASEC, most notably the Secretariats contribution to the Vientiane Action Programme. Furthermore, ASEAN’s coordination mechanisms – as managed by ASEC have improved and ASEAN information dissemination (a key component of coordination) was strengthened;
- provided “highly effective support to Dispute Settle Mechanism (DSM) and ACU (ASEAN Compliance Unit) rationalisation of Agreements including ATIGA (ASEAN Trade in Goods Agreement”
- enhanced the ASEC’s capacity to support ASEAN technical committees which in turn has meant that timetables and targets for integration as outlined in the ASEAN Economic Community Blueprint can be adhered to. In most cases it is seems highly likely that at the end of the programme these improvements to the business environment and to economic integration facilitation will continue. Because the processes are embedded in permanent structures (either ASEAN coordination bodies or in AMS national institutions) they should be sustainable. Only major reversals in the commitment to the ASEAN vision would undermine the results.

Furthermore, *the EU-ASEAN Statistical Capacity Building Programme made progress in three important areas: i) harmonisation and strengthening capacity of collection of statistics for International Merchandise Trade (IMT); ii) development of a rapid information exchange database system and introduction of Eurotrace for data processing IMT statistics in the National Statistical Offices (NSO); and iii) institution building, including progress in developing a strategy for a regional statistical system which can strengthen the Secretariat’s ability to co-ordinate and be pro-active in the statistical field.*

Overall, however, implementation capacities of partners are still a challenge. Interventions at the ASEC are often very - sometimes unrealistically – ambitious (e.g. ASEANStats, AIMO, FTA Negotiating Capacity Programme). ASEANStats only has three members of staff, yet the office has a mandate which is similar to EUROSTAT’s tasks). Almost inevitably the ASEANStats office is unlikely to deliver the outputs as envisioned – both in terms of quantity and quality. Hence, what might look like a lack of capacity is in reality related to a lack of resources and understaffing. Low absorption capacity is a problem of many projects. At the same time the capacities of AMS (this is where the implementation of TRA projects ultimately takes place) and discrepancies of capacities among the respective AMS are often not sufficiently addressed.

Source: field mission, regional organisation fiche (see Mid-term review of ASEAN Programme for Regional Integration Support II (APRIS II), 2008, p. 9; Evaluation of Commission co-operation with ASEAN, Final Report, Vol. 1 June 2009, p. 30; Mid-term review of ASEAN Programme for Regional Integration Support II (APRIS II), p. 25; EU-ASEAN Statistical Capacity Building Programme, ROM report MR-127000.01, p. 2)

Such detailed findings on increased quality of outputs of TRA supported regional institutions do not exist for other regions.

In the case of **Central America/MCCA** it is generally found that the Commission support to regional integration has had a direct impact on the economic development process, although the contribution is difficult to measure. The actions arising from the support given to the establishment of a customs union and common market, from dialogue to cooperation programs have helped to establish a common market, although imperfect.

Source: summary of evaluation reports

As for **ESA-IO**, there is some documented evidence available confirming that the programme's purpose to develop the capacity of the regional organisations and their member states in policy formulation, implementation and monitoring of regional integration, multilateral and regional trade and in trade related areas, has resulted in increased quality outputs has been effective with regard the secretariats of COMESA and EAC. According to the Evaluation of the Commission's support to ESA-IO,

- The principal actor in RI is the COMESA Secretariat, which has provided a detailed road-map for an eventual common market. The Field Mission confirmed that the COMESA Secretariat has received Commission funds through Contribution Agreements and has largely defined the RI priorities itself.
- The negotiating capacities of both the EAC and particularly COMESA have benefited enormously from the RI programmes of the 8th and 9th EDFs RIP28. The effective negotiating strengths of the two secretariats in the EPA negotiations bear witness to that.
- Both the EAC and COMESA Secretariats have programmes under way to place increasing attention on standards, SPS and so forth.

At the same time, the capacities of the secretariats to produce statistics on intra-regional markets – despite improvements also linked to the support to statistical services of the COMESA and EAC Secretariats provided through the RISP - remain weak.

Source: summary of evaluation reports (Regional Integration Support Programme (RISP) - FED/2004/016-976, CA - Annex 1, p. 2.; Evaluation of the Commission's support to the Region of Eastern and Southern Africa and the Indian Ocean, Regional Level Evaluation, Final Report, Vol. 1.)

7.3.4 I 7.3.4 Existence of operational monitoring mechanisms for implementation and impact measurement of regional agreements

Regional organisations use indicators, statistical and other, to monitor progress made with the implementation of the different components of their regional integration agenda. All existing initiatives at the regional level confirm the difficulties of compiling a meaningful and measurable set of indicators reflecting the regional integration agenda and one that 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.

Overall, in ASEAN and COMESA – as well as CEMAC, ECOWAS, EAC and WAEMU - surveillance or assessment mechanisms of member states' macroeconomic performances have been developed. Supported by the Commission, ASEAN and COMESA have made visible progress in implementing monitoring frameworks, which however are still in the early stages of providing effective mechanism. A consistent Commission approach to common sets of indicators and M&E frameworks is still lacking.

In the case of ASEAN the entry into force of the ASEAN Charter in December 2008 provided new impetus to ASEAN's integration efforts by establishing a legal and institutional framework required to achieve the ASEAN Community by 2015. This includes the newly approved organisational structure of the ASEAN Secretariat that is aligned to the requirements of the Charter and the three Blueprints of the ASEAN Political-Security Community (APSC), the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community (ASCC). In 2009, ASEANstats was established as a department under the Community Affairs Development Directorate of the ASEAN Secretariat to

- become the authoritative source of ASEAN statistics
- build and promote use of knowledge in ASEAN Community
- develop regional indicators, data frameworks and monitoring systems

- compile ASEAN statistics and communicate them to stakeholders
- provide statistical services to the ASEAN Secretariat
- coordinate and facilitate development and harmonisation of statistics
- mobilize and assist national statistical systems
- cooperate with other national statistical systems and international organisation
- monitor and evaluate the regional statistical system.⁴¹

ASEANStats (<http://www.aseansec.org/22122.htm>) is supported by both APRIS III and the EU-ASEAN Statistics Capacity Building Programm (EASCAB). In the next step and as part of the organisational restructuring process an ASEAN Integration Monitoring Office (AIMO) was established in 2011 to serve as a performance supervisory institute as well as to facilitate the creation of ASEAN economic community.

ASEANStats is a useful tool to access basic economic data: Selected Key Indicators, Macroeconomic Indicators, External Trade Statistics, Foreign Direct Investments Statistics Tourism Statistics, Country Statistics Profile. However the statistics only provide a snapshot of the most recent data as ASEAN Stats lack historical data on the development of key indicators. For example, total ASEAN trade amounted to US\$ 2,045,731 million in 2010 with intra-ASEAN trade accounting for 25.4% and extra-regional trade to 74.6% (http://www.aseansec.org/stat/Table18_27.pdf). However, there is no data available for earlier years and it is therefore not possible to assess the process and progress of economic integration in ASEAN. For example, an interesting question in this regard would be as to what extent, if any, has the share of intra-regional trade increased?

Overall, Commission TRA has laid a strong foundation for the implementation of a monitoring system which has already shown first results – but mainly since 2010.

Source: field mission, regional organisation fiche

In **COMESA** under the RISP the following instruments/ mechanisms were supported:

- *The Non Tariff Barrier Monitoring Mechanism* (<http://www.tradebarriers.org/about>) is only a monitoring tool but is proving to have some utility by bringing to light barriers. And now most member states (over 60%) have focal points and national monitoring committees and there are an increasing number of resolved complaints (http://www.tradebarriers.org/resolved_complaints).
- *There is a standing agenda item on NTBs at Council*, with a report prepared on the state of NTBs leading to bilateral discussions and a reporting back to plenary. If the issues cannot be resolved, the Secretariat can undertake a verification mission and then write a technical opinion. This technical opinion can often help clarify for officials the nature of the problem. There then follows informal consultations and the process then works through the Council.
- *COMESA has developed a mechanism to monitor programme implementation and adherence to Council and Summit Decisions*. The mechanism also reviews and reports on ratification of instruments by each Member State. However, developing common indicators for subjective, non-discrete variables was a major challenge as comparability was impaired, though is being addressed. According to the final report for the RISP 1 the mechanism has assisted countries to keep track of their performance in fulfilling their COMESA Treaty obligations and in the implementation of regional integration programmes.
- According to COMESA, the coming work programmes will include implementation transposition of COMESA decisions. This will include building on the work of the monitoring mechanism to develop the equivalent of the EU – EFTA single market scoreboard.

Source: http://ec.europa.eu/internal_market/score/docs/score02/score2_en.pdf. See also Regional Integration Support Programme (RISP) of the ESA-IO region, MTR, 2009, pp. 30-31; field mission

The project ACP Regional Integration Support – Monitoring Regional Integration aimed at the development of a coordinated system of regional integration indicators to have a verifiable basis and benchmarks against which it was possible to measure

⁴¹ ASEAN Cooperation in Statistics toward developing economic statistics. Presented at the UN ESCAP Committee on Statistics Technical Advisory Group on the Development of Economic Statistics 17-18 September 2009, UN Conference Centre, Bangkok, Thailand.

and adjust efforts made towards regional integration on national and regional levels. This was to be realized through the development of adequate monitoring tools. One of the main elements of the Economic Partnership Agreement (EPA) negotiations between the ACP Group and the EU is to support and enhance existing regional integration processes in ACP Regions.

The ACP Regional Integration Support – Monitoring Regional Integration Field Missions Overall Report (September-December 2009) came to the following main conclusions:

- Most of the ACP RIOs have yet to develop their own M&E technical framework based on a list of monitoring indicators (agreed and set in motion) and their associated clusters. So far, at the technical level, ACP RIOs have thus most often focused on a simple qualitative reporting process, sometimes through milestones passed, mostly in the context of their annual report.
- At the same time several RIOs have developed some M&E institutional framework, through either the establishment of an M&E Unit within their own organizational structure, or through the institutionalization of a monitoring (rather qualitative) process with its internal divisions (and sometimes also in relation to the Member States).
- In all cases, the M&E culture is at best nascent and developing within the ACP RIOs, and this takes time to fully concretize into operational tools (above the somewhat rudimentary present ones, if any)
- The statistical capacities at the Member States' level vary much between and within the RIOs' membership. Some of these are particularly limited due to the small size of the State or to its present development level/fragility status: some micro island ACP States have only a few statisticians if not a single one; in many cases small ACP states have yet to digitalize their data collection in some important statistical areas.⁴²

Source: ACP Regional Integration Support – Monitoring Regional Integration Field Missions Overall Report

Table 10: Overview of the context of the MRI implementation in ACP RIOs with regard to the existence of in-built Statistical and M&E Units

ACP RIO	Statistical Unit	M&E Unit (or equivalent ⁵)
CARICOM	YES	YES (2 project staff)
CEN-SAD	no	no
CEMAC	YES	no
COMESA	YES	YES (1 Secretariat staff)
EAC	YES	YES (1 Secretariat staff)
ECCAS	no	no
ECOWAS	YES	YES (1 Secretariat staff)
IGAD	no (statistical mandate at COMESA level)	no
IOC	no (statistical mandate at COMESA level)	no
PIFS	no (statistical mandate at South Pacific Community level)	no
SADC	YES	YES (1 project staff)
WAEMU	YES	YES ⁵ (3 Secretariat staff)
TOTAL	7 RIOs / 12	6 RIOs / 12

⁵ Strategic Planning Unit in WAEMU

Source: ACP Regional Integration Support – Monitoring Regional Integration Field Missions Overall Report

For the RECs having an in-built statistical unit, their statistical capacities still vary according to the institutionalized relation with the MS (with regard to the type and number of data actually collected), the

⁴² ACP Regional Integration Support – Monitoring Regional Integration Field Missions Overall Report (September-December 2009), Final, March 2010, http://mri.acp.int/IMG/pdf/MRI_Field_Missions_-_FINAL_REPORT_EN.pdf; see also EuropeAid/126170/D/SER/Multi - Monitoring Regional Integration Field Missions Overall Report (September-December 2010) – Final Report; ACP Regional Integration Support - Monitoring Regional Integration – EuropeAid/126170/D/SER/Multi – Final Baseline Report – August 2009.

existence of an in-built database and of related regular publications (e.g. yearbook) if any, and finally the number of staff.

Source: EuropeAid/126170/D/SER/Multi, ACP Regional Integration Support – Monitoring Regional Integration, Field Missions Overall Report (September-December 2009), Final, p. 9.

8 EQ 8 on trade development

Evaluation Question 8: To what extent has the Commission's TRA support to Trade Development helped improving market access and investment climate?

8.1 JC 8.1: Enhanced availability and quality of trade promotion services

8.1.1 I 8.1.1 Improved advocacy through private sector organizations (including associations and NSA) on trade development vis-à-vis the government

Advocacy on trade development vis-à-vis the government through private sector organizations gradually improved in the countries under review, although this trend is rather weak and can be only confirmed in approximately two thirds of the countries assessed for this evaluation (see below).

In general, advocacy on trade development vis-à-vis the government through private sector organisations can be rated as partially satisfactory. During the evaluation period, some successful examples of improved business advocacy through private sector can be observed, although this has hardly led to a broader-scale improvement of business advocacy. In Ghana, for instance, private sector could influence policy making related to regulatory environment, while in general, in spite of the support to private sector organisations, the private sector organizations advocacy capacity remained very weak in the country. While TRA has facilitated involvement of the private sector in trade-related advocacy, further evidence in Cote d'Ivoire confirms that influence on actual policy formulation remained still at a relatively low level. However, more recently, in this country, the government has been increasingly pressured by the private sector to bring about the necessary adjustments at macro-level to actually implement the EPA agreement. Vietnam is also a case in point where TRA-supported business advocacy has been effectively strengthened and led to a publication summarizing main policy areas for improvement according to private sector perception (although concerns were expressed that the public sector still received more attention with TRA than the private sector). A common denominator for the successful cases was TRA being based on partnerships with intermediary organisations that had already developed some basic advocacy power beforehand and which were driven by active private sector participation (as opposed to more donor-driven support).

Advocacy on trade development vis-à-vis the government through other NSAs was almost not visible during the evaluation period. In one case (West Africa) though, there is evidence that NSA could take active part in EPA-related consultations. In many cases, lack of NSA involvement is explained with lack of capacities and governance challenges at NSA level and/or polarisation of NSA not allowing for appropriate involvement in technical, trade-related matters, such as in Cote d'Ivoire. Across many countries assessed (this is particularly valid for the first part of the evaluation period), the involvement of NSA did not seem to be a political priority.

The EUD survey confirms that the EU puts an increased emphasis on private sector participation, which is also confirmed by the fact that during the second half of the evaluation period, EUDs are clearer in their assessment of private sector participation (for details, see Tables below). All in all the achievements are rated not very positively. However, it appears to be difficult to deduce a trend regarding the achievements from the survey as during the first part of the evaluation period, a considerable number of EUDs did not even have an opinion on the matter. Moreover, EUDs rate achievements related to NSA participation as rather low, but depict a positive trend from the first to the second period. Analogous to the private sector participation, the strengthening of the participation of other non-state actors (e.g. NGOs, other advocacy groups, trade unions) is increasingly seen as an important issue.

Table 11 Private sector participation - Importance: 2004-2006 & 2007 – 2010

	Very high	High	Low	Very low	Not relevant	Not sure	No reply
2004-2006:	0	3	2	3	0	5	3
2007-2010:	0	7	4	2	0	0	3

Source: EUD survey

Table 12 Private sector participation - Achievements: 2004 – 2006 & 2007 – 2010

	Highly satisfactory	Satisfactory	Partially satisfactory	Not satisfactory	Not relevant	Not sure	No reply
2004-2006:	0	2	2	2	1	7	2
2007-2010:	0	3	5	4	1	1	2

Source: EUD survey

Table 13 NSA participation - Importance: 2004-2006 & 2007 – 2010

	Very high	High	Low	Very low	Not relevant	Not sure	No reply
2004-2006:	0	2	1	5	0	5	3
2007-2010:	0	2	7	4	0	0	3

Source: EUD survey

Table 14 NSA participation - Achievements: 2004 – 2006 & 2007 – 2010

	Highly satisfactory	Satisfactory	Partially satisfactory	Not satisfactory	Not relevant	Not sure	No reply
2004-2006:	0	1	1	3	2	6	3
2007-2010:	0	2	3	4	3	1	3

Source: EUD survey

CSR/RSP Analysis – in programming documents (CSPs/RSPs resp. NIPs/RIPs), a focus on strengthened advocacy through private sector organisations / NSA is not specifically highlighted.

Source: CSP/RSP Analysis report

In **Egypt**, the private sector has played a mostly recipient role in developing appropriate business support organisations. No direct TRA support provided in this area, but GoE has established platforms for interacting with private sector groups which have been used.

Source: field mission

In **Zambia**, there is limited evidence of private sector organizations and NSA being involved in advocacy on trade development. The private sector organizations targeted under Export Development Programme II (EDP II) were relatively young and not as well organized, as those that were by and large only established under EDP I. Significant direct interventions by technical assistants would have been necessary to raise their management, technical and advocacy capacity (including that of their members). Private sector contribution and involvement in intermediary organisations was rather limited. The programme did not have clear guidelines for that purpose.

Source: Mid-term review EDP, field mission

In **Ghana**, there are visible signs that private sector influenced the streamlining of the regulatory environment, such as tax regimes, but the gap between the private and public realm still remained too wide. In spite of the support to private sector organisations the private sector organizations advocacy capacity remained very weak. Nevertheless, Government-private sector platforms have been useful for interacting with private sector groups which have been used in e.g. designing TRA programmes. In other words: while private sector participation has been increasingly put on the political agenda, tangible outcome (still) remained weak. Support to strengthen private sector advocacy was provided through the Private Sector and Trade Enabling Programme (PSTEP). The Ghana Cocoa Sector Support Programme (CSSP), the first Cocoa Farmers' Forum was organized and farmer's organisations set up. The Mid Term evaluation gives considerable evidence of farmers being organized and trained in self-governance in target communities, but progress towards governance was at a relatively nascent stage as most farmers organisations were far from functioning democratically, operating efficiently, recruiting competent staff, being managed

transparently, and providing members with agreed services cost-effectively and efficiently. This also undermined their advocacy capacity. (p 23)

Source: Mid-term evaluation, field mission

In **Cameroon**, the *setting up of the annual Cameroon Business Forum where GoC and private sector meet is valued as positive by all stakeholders*. It has to be noted though that the initiator of this Business Forum was not the EU which joined later .

Source: field mission

In **Cote d'Ivoire**, *TRA implementation in the area of trade development and TRA programming and formulation in the area of trade policy and regulations facilitated advocacy through private sector organisations vis-à-vis the government thus positively impacting on the formulation of trade-related policies, on trade facilitation and approaches to enhance the availability and quality of trade promotion services. There were clear signs that public-private dialogue picked up and gained momentum in cases when the private sector showed an active interest in using intermediary organisations as a platform to advocate for changes at policy level. While TRA has facilitated involvement of the private sector in trade-related advocacy, evidence in Cote d'Ivoire shows that influence on actual policy formulation was still at a relatively low level, albeit with clear signs that the private sector can further strengthen its advocacy at government level.*

Source: field mission

In **Vietnam**, *private sector advocacy could be strengthened although, towards the end of the evaluation period, private sector expressed concerns that the public sector received more EU attention than the private sector.* The project “Capacity building on trade policy for Vietnamese business association” (MUTRAP II) has been implemented by the European Chamber of Commerce in Vietnam and delivered training courses and shared experience on experiences of business associations in the EU. Participants of the training courses were satisfied and the trainings increased the knowledge how to improve the services of their associations towards their members and how to effectively get involved in and influence the legislative formulation process. The EuroChamber shared their experience of the formulation of a White Book “Trade policy recommendations from Vietnam Business Associations (VBAs)”⁴³. With this book, VBA got a new channel for effective advocacy. Furthermore, the final project report recommends enhancing the coordination among VBAs. (Final project report p. 48). MUTRAP III targeted, although in a lesser extent than the government, business and academia in its component 2. The main outputs of the activities were the organisation of various workshops and study tours and, above all, the publication of three handbooks, the establishment of a widely-used export portal, assistance in the registration in the EU of Vietnamese geographic indication products, and the production of manuals, articles and booklets for dissemination of information regarding trade policy and trade law (in Vietnamese).

Source: Final Project Report; Mid-term review, MULTRAP II, 2010

In **Burkina Faso**, *business advocacy has been strengthened.* The private sector with the support of development partners have helped to influence the government to adopt a legislative framework conducive to private sector development. More specifically, under private sector influence, public procurement rules and the legislative/regulatory framework related to the creation and support for companies could be enhanced. Consultations between the private sector and the government have been initiated.

Source: Summary of evaluations report / CLE 2010; country fiche

In **West Africa**, *NSA took active part, with EU support, in the discussions and negotiations of the EPA.*

Source: Summary of evaluations report / CLE 2008

In **Thailand**, *joint EU-Thai initiatives have improved the capacity of Thai firms in their trade relations with the EU and in influencing trade policy formulation.*

Source: Summary of evaluations report, CLE 2009

⁴³ <http://talkvietnam.com/2011/08/trade-policy-recommendations-book-launched/#.UD4OYp7Gg>

In **Bangladesh**, *there is a positive tendency that the private sector's voice was being heard to systematically in relation to trade development.* Under the BEST project, especially regarding the frozen food sector, there is now a strong involvement of the private sector, which has improved over the course of the last years (there was a noticeable shift). Also in the TPSP project, there is now stronger private sector involvement. However, there seems to be little involvement of other civil society actors. BQSP and BEST took very much into account the needs of the private sector. There was apparently constant representation and active contribution of the private sector in the BQSP project and private sector has been involved in design of BQSP and BEST, and both projects aim at reflecting the needs and concerns of the private sector. BEST has contributed to the creation of new private sector associations dealing with metrology and accreditation.

Source: field mission

8.1.2 I 8.1.2 Improved quality of trade-related services through trade promotion agencies and private sector organisations

EU support to trade promotion services was a very important element of TRA. For the evaluation period under consideration, together with investment promotion (see JC 8.2), it accounted for almost half of the trade development support provided with TRA (source: inventory undertaken for this evaluation).

In a number of countries where the EU's TRA supported trade promotion agencies and private sector organisations, the quality of trade related services was improved. However, there is no clear-cut confirmation of this finding across all countries assessed. Moreover, the sustainability of improved services is questionable.

In a number of cases, TRA-supported services were rather fragmented and not following overarching strategies for export market development, as it can be observed in the Dominican Republic, Egypt and Ghana and with ProInvest. In these cases, the private sector tended to play a rather passive "recipient" role using only specific trade promotion services. As a consequence, in such configurations, the private sector did not play a proactive role in driving the further institutional and service enhancement of trade promotion services.

In some of the cases, (such as in the MERCOSUR region), TRA contributed to improve trade-related services without really ensuring its sustainability. Moreover, it can be also questioned, if in these cases TRA had a real added value when it financed trade promotion activities that would have also been undertaken without EU's TRA (free rider effect).

Taking the sample countries assessed as a basis, in Cameroon, the Dominican Republic, Egypt, Ghana, that trade-related services could have had a stronger impact on trade development if they had been embedded in broader sector development strategies and better co-ordinated by national Governments. However, among the sample countries assessed, there are also cases, such as in Thailand, Vietnam and in Zambia, where trade-related services were improved in a sustainably way (although, in some case, such as in Zambia for instance, institutional weaknesses could be observed; see further below). In these cases, they provided services to reduce trade-related transaction costs and increase foreign market intelligence, such as the services related to customs clearance procedures. Moreover, the improvement of trade-related services was quite often hampered by high staff turn-over due to unattractive working conditions in supported institutions. Evidence can be found in Egypt, Zambia, and in Ghana. TRA seemed having overly focused on outputs instead of outcomes and impacts: it tended to emphasize rather formalized training without putting sufficient focus on follow-up coaching and support on actual service product development and delivery. EU's support in the Dominican Republic, for instance, seemed having been rather output based and capacity development remained a challenge in an evolving framework in the competitiveness sector. The rather mixed feedback on the sustainability of global approaches, such as from ProInvest, corroborates this finding: while TRA-supported trade promotion organizations seem to appreciate rather "immediate needs driven" advice primarily focusing on training and match-making, they also faced a lack of follow-up advice and coaching. i.e. of a longer-term capacity enhancement.

EUD survey: *The level to which TRA has contributed to an improved quality of trade-related services through trade promotion agencies (and FDI related services) seen as moderately positive in general, i.e. at least as “partially satisfactory” by EUDs for the majority of interventions. There is slightly more positive assessment for the period 2007 – 2010. For both periods, no EUD rates the achievements as “highly satisfactory”. In addition, there is a shift in the importance given to the strengthening of the capacity through enhanced quality of trade and FDI related services of government institutions. For the period of 2004 to 2006 almost all EUD rate the importance of trade-related services as “low”. For the second period, the majority rates it as “high” or “very high”.*

Table 15 Importance: 2004-2006 & 2007 – 2010

	Very high	High	Low	Very low	Not relevant	Not sure	No reply
2004-2006:	1	2	5	0	1	5	2
2007-2010:	2	5	5	1	0	1	2

Source: EUD survey

Table 16 Achievements: 2004 – 2006 & 2007 – 2010

	Highly satisfactory	Satisfactory	Partially satisfactory	Not satisfactory	Not relevant	Not sure	No reply
2004-2006:	0	3	0	2	4	5	2
2007-2010:	0	4	2	2	3	3	2

Source: EUD survey

CSP/RSP analysis: *From the 23 countries covered by the CSP/RSP analysis, for the first programming period, roughly one third (7 countries) covered trade and export promotion through intermediary organisations. For the second programming period, roughly 20 % (5) were covered.*

Source: CSP/RSP Analysis

In **Egypt**, all in all, the performance of trade promotion institutions has been mixed in Egypt with some trade promotion services having been strengthened, but also with some failures.. Substantial efforts have been invested in trade promotion primarily through the Egyptian Commercial Services (ECS), the General Organisation of International Exhibitions and Fairs (GOIEF), the EEPC and the Foreign Trade Training Centre (FITC), all supported through the TEP A programme. EU support has led to improvements in the timeliness, quality and accuracy of the information its supplied to users. However, at a broader perspective, support to the ECS has not led to the envisaged results and was eventually abandoned by the GoE and some of EEPC's envisaged core activities never took of (e.g. export strategy). In these cases, through TRA, the overall challenge of streamlining roles and responsibilities in the sector with overlaps, duplication and lack of clear authority, was not addressed, which has prevented the emergence of overall strategy and vision for the area. Reversely, the extent to which EU's TRA could be expected to change the organisational set-up of the Government must be taken into consideration.

It was apparent that organizational structures of trade promotion structures and trade-related private sector organizations were still not sufficient to fully exploit the potential for export promotion through increased SMEs' awareness of changing international market conditions. No quantifiable indicators with correlation to EU TRA were produced so impact assessment is based on qualitative findings (e.g. interviews, opinions of private sector etc.). The evaluators' assessment on the basis of the field visit confirms the feedback obtained from most informers that trade support institutions were still too fragmented and in need of a more coherent and binding strategy on export promotion.

The government runs a number of export promotion services and the EU has attempted to improve mostly the quality of these and to a more limited extent also the availability. In this process the private sector has played a mostly passive recipient role, but has nevertheless benefitted, in some instances substantially (which is resulting in the risk to support a free-rider effect whereby services are supported that would have also been provided at national level without corresponding EU support).

Food sector studies through the Egyptian Export Promotion Centre (EEPC) and its private sector dominated councils were instrumental in boosting exports to new markets and assisted in increasing growth of the sector by several billion dollars. However, the EEPC (and by implication the GoE and EU) made only limited awareness of the availability of the studies that could be funded, which in turn reduced

the use of all services offered with the support of TRA. . Conversely other initiatives never took off, including support to trade fairs, websites and there were also issues of high staff turnover making capacity development in the traditional form of training less effective than intended. Moreover, the EEPC failed to make an authoritative national export strategy, which should have been the overall guiding framework for export promotion.

The ECS was part of a ‘commercial diplomacy’ aimed at improving a foreign network of trade counsellors and attaches based in e.g. diplomatic representations abroad but referring to the centre in Cairo. The support mainly consisted of training and limited web-site development. The training was delivered and appreciated, but due to high staff turnover its sustainability and impact was questionable (see TEP A Final evaluation). No quantifiable outcome indicators could be established.

The EEPC also had training and web-site development as core objectives, but the training was arguably more targeted to four of EEPCs 14 export councils which were mainly private led councils representing different sectors. This training proved rather useful outputs but especially studies helped Egyptian companies develop new export markets e.g. in food EU partly contributed to the increase in exports where last year it was \$3 billion, while it was \$100 million in 2001 (interview with the head of food export council, himself an exporter). This is clearly an example of positive public private cooperation and the success was partly due to the strong demand from the council, a competent consultant team and close monitoring. However, the web site never reached desired level of functionality. Moreover, EEPC was also charged with making an overall national export strategy but due to unclear division of responsibilities and authorities in the export promotion sector, coupled with protracted management changes in EEPC this never materialised. (JICA) support.

The GOIEF component never took off as expected, partly due to ‘low levels of capacity’ which EU training failed to rectify (TEP A Final evaluation) partly due to the need to reform the whole export promotion sector in which the government increasingly viewed as too crowded with some duplication. GOIEF was eventually reformed into an Egyptian Expo and Convention Authority (under MoIT), but no EU support was granted. The FTTC received TA and training to develop training programs, curricula and research and training materials relevant to export promotion. It managed to get an ISO 9001 certification after project closure and is still working (now with JICA support).

To conclude, under the Trade Enhancement Programme A (TEP A) trade promotion services were strengthened, however, apparently, the structure adopted for support to export promotion was not sufficient to raise awareness of SMEs to changing market conditions and to develop their competitiveness. Nevertheless, Egyptian Commercial Services (Commission - the national Trade promotion service) offices were strengthened through training by TEP-A so that they could respond to the sector-related requirements of the Exporting Councils, developing specialized hubs for industries directly concerned with export trade. The nature and quality of training provided enabled the trainees to perform their tasks with increased professionalism and improved results. This strengthened considerably the capacity of the Councils to respond to the needs of existing or potential exporters. The Spinning and Weaving Sector Support Project contributed the creation of a professional organization for cotton exporters to better defend operators against state interventions.

Source: country fiche, field mission, TEP A final evaluation

In Ghana, TRA was provided to strengthen a state-driven export promotion agency (Ghana Export Promotion Authority, GEPA); however, the evaluation could not find noteworthy impact on improved quality of trade-related services at a broader scale. In general, there has been very little done to directly support export promotion agencies. In Ghana, sector-specific support to trade promotion services was more effective than a broader non-sector-related approach. The main support has been to a pineapple sector studies through the GEPA and its private sector associates such as the Sea freight Pineapple Exporters of Ghana which was instrumental in boosting exports to new markets and assisted in increasing growth. In the cocoa sector especially Cocobod has been supported in the CSSP and quality of services (e.g. Farms’ Field Schools) has improved, but it is uncertain if Cocobod will continue finance these activities. GEPA has had limited training and web-site development as core objectives, but the training was usually targeted at the staff of the Authority at the expense of the private operators. Follow-up assistance was provided afterwards through other DPs. Moreover an overarching national Export Strategy which was formulated has not been implemented due to unclear division of responsibilities and authorities in the export promotion sector, coupled with frequent management changes at GEPA.

Source: field mission

In **Bangladesh**, trade (and investment-related) services were successfully introduced through TRA in the area of information provision on international markets and investment opportunities / support to customs clearance. The EU-funded Bangladesh Investment Climate Fund (ICF) has made significant progress in the implementation of an automated customs clearance procedure for imports that has cut down the turnaround time from six to three days and reduced the approval steps involved in the customs clearance process from 40 to 20. TPSP, in association with the Export Promotion Bureau (EPB), has been working on the computerized GSP certificate issuance system being a significant trade-related service and substantially benefitting the private sector.

Source: field mission,

In **India**, during the period under consideration, the establishment of the European Business and Technology Centre (EBTC) has faced severe problems. The legal set-up of the Centre was a key issue as was the availability of adequate human resources. The EBTC was missing an overall vision and strategy oriented towards innovative and promoting EU interests in the country.

Source: EAMR January 2010

In **Thailand**, various joint EU-Thai initiatives had been successfully taken to improve the capacity of Thai firms in their trade relations with the EU with the support of trade-related promotion services. The EU Delegation in Bangkok, in collaboration with the RTG, the Board of Trade of Thailand and the Federation of Thai Industries, has been increasingly active in informing Thai firms about new EU legislation and its impact on trade relations. The Delegation's Business Information Centre (BIC) has regularly organized high profile seminars and workshops (capacity building and dissemination of information) for government officials (usually at directors' level) and the private sector. These have been attended by more than 4000 participants to date.

Source: Summary of evaluations report, CLE 2009

In **Vietnam**, TRA with a focus on capacity building on trade policy for Vietnamese Business Associations (VBA) has been channelled through the European Chamber of Commerce in Vietnam delivering training courses and sharing information on experiences of business associations in the EU. According to the final project report, the participants of the training courses were satisfied and first activities of VBAs show that the trainings increased the knowledge how to improve the services of their association towards their members and how to effectively get involved in and influence the legislative formulation process. A good example is the Young Business People Association of Ho Chi Minh City (YBA) which increased its visibility through a newsletter and improved their administrative capacity through an improved membership directory. Furthermore, the EuroCham shared their experience of the formulation of a White Book "Trade policy recommendations from VBAs". With this book, VBA got a new channel for effective advocacy. On the other hand, although the project had been a success, the final report also acknowledges that the number of Vietnamese business accessing the European Trade Information Centre in Ho Chi Minh City (ETIC) was rather limited.

Source: Final Project Evaluation Report

In **Cameroon**, the capacity building of trade promotion services appears to have produced good results, but without overall coordination and support from GoC, the sustainability is questionable. PASAPE carried out a study which set out guidelines on increasing trade promotion services. The private sector organisations grouping Coffee, Cocoa and Banana were also assisted in their trade promotion activities. At GoC level, not much TRA has been directed towards this area.

Source: field mission

In **Cote d'Ivoire**, TRA contributed to enhanced availability and strengthening of trade promotion services in the agricultural sectors benefitting from EU support in those cases in which it was aimed at well-established private sector driven organizations. In the banana sector, TRA has clearly contributed to the establishment of sector-wide marketing and technology transfer services; broader sector support has brought about considerable improvements in production, logistics and market development whereby TRA support has been successfully channelled through intermediary organisation and sectorial service providers. However, in the banana, success has been somewhat impaired by sector-internal disputes.. Moreover, TRA to state-driven and or international organization driven trade promotion services ran stronger risks of not bringing about the envisaged results. In

general, in Côte d'Ivoire, trade (and investment-related) services provided by the Government appear to be rather fragmented facing a multitude of institutions at government with overlapping responsibilities.

Source: field mission

In **Burkina Faso**, the EU within the framework of its private sector support programmes has enjoyed tangible success in making the corporate development services (CDS) market more dynamic, improving the business environment and encouraging the emergence of local know-how in strategic and operational project management. The result is somewhat more mixed in relation to regional integration and the increased international competitiveness of Burkina Faso.

Source: Summary of evaluation report, Country Level Evaluation 2010

In **Zambia**, trade-related services through trade-promotion agencies have been strengthened. Statutory bodies with the objective to streamline and improve trade-related services have benefitted from TRA which has led to improved trade-related services. This holds true for trade-related services for sector and non-sector-related institutions. Under the Export Development Programme (EDP) of Zambia, a total of 28 private sector associations expanded market their market knowledge and contacts, increased exports of their members, increased management capabilities, increased employment and improved access to capital and finance. Of these, 15 were actively engaged with the programme and represented at least 420 companies. The Export Board of Zambia (EBZ), which received substantial financial and technical assistance from the programme, was voted the best trade promotion organization (TPO) of LDCs at the World TPO Awards 2006." The CBPSD successfully aimed to strengthen SME-related services through enhanced services for (export-oriented) SMEs. Grant schemes for private sector business associations aimed at enhancing their services have produced good results. The impact of EU's support to the Cotton Association of Zambia was very high and mainly followed a value chain approach.

Source: CBPSD Evaluation Report, Mid-term review, field mission

Support to **COMESA**, has been broadly successful in establishing trade-related services. Among others a regional business intelligence system and databases were developed enabling the IPAs to better understand investment trends. Moreover, linkages between regional and national policy levels could be strengthened.

Source: EAMR January 2009, MTR RISP 2008

As a **global approach focusing on ACP countries, ProInvest** aimed to enhance business linkages and to develop investment in ACP countries through activities dedicated to capacity building of private sector intermediary organizations (IO), such as business association and chambers of commerce, especially at regional level. ProInvest has led to positive results in a number of cases facilitating meetings and contacts between the ACP and EU business community and eventually also creating new bondages between regional organisations from within the ACP region. However, ProInvest was characterised by a lack of continuous support and follow-up actions, and it produced little impact on the IOs' institutional strengthening, on the appearance of new and better quality services for the private sector, and on concrete policy changes. Having understood the limits of the earlier phases of ProInvest, where the concession of too dispersed small grants had rarely achieved real institutional upgrading, the Programme has at a later stage committed to assist IOs at an earlier stage, supporting them in a deep process of understanding their role and weaknesses to play it effectively, as well as in devising a strategy to address such weaknesses with the aim to improve the IOs' chances of really implementing and benefiting at institutional level from an upgrading strategy, through a larger and integrated capacity building programme. The design of ProInvest had taken into account the lessons learned from its predecessor programme EU-ACP Business Assistance Scheme (EBAS) running until 2002 with the purpose to activate the market for export and tourism related services. However, the effectiveness of EBAS in terms of enhancement of service delivery and institutional development of service providers had been rather low in the period preceding the evaluation period. While contributing some innovative ideas in trade and investment support, EBAS had been too broad in terms of activities and at the same time too limited in terms of scope to bring about a tangible outcome.

Source: Monitoring of ProInvest, various reports (2011, Overall Monitoring Report 2008; 1st Quarter; 2008); Final Evaluation of the EBAS Programme, 2005

For **MERCOSUR**, there is evidence that trade promotion services, provided by selected Chambers of Industry, have been strengthened. However, while private sector expressed gratitude for the assistance provided, there has been limited evidence if activities have been supported which would have been anyway been carried out without TRA (Quality Management Systems implementation, foreign trade fair attendance, etc.). The Chamber of Industry in Uruguay has arguably been

strengthened via the AI Invest programme, as it is body in charge in Uruguay. However, the sustainability of the support approach is questionable as it did not allow for continued support responding to specific bottlenecks which could not be overcome through locally available knowledge.

Source: field mission

In **Ukraine**, *the impact and sustainability of SME capacity strengthening on trade development were limited.* The project „Development of Business Capacity of Ukrainian SMEs” aimed at supporting SMEs and developing their capacity to sell their products on foreign markets and in particular in the EU. The objectives of this project were (a) to improve State policy in the sphere of SME support; (b) to facilitate commercial links with EU companies and other foreign enterprises; and (c) to increase awareness of business internationalization in the public and SME sectors. The beneficiary of the activities targeting objective ‘a’ was the State Committee for Regulatory Policy and Entrepreneurship (SCURPE). The monitoring reports assess the effectiveness of the project positively, pointing out in particular that its effectiveness in relation to objective ‘b’ has even been higher than could have been expected under the prevailing harsh economic situation. Partnership and development missions were successful in terms of establishing contacts between Ukrainian and Western companies. However such a project directly benefited only a small proportion of the total number of enterprises in the country. However, the impact was limited and the sustainability of its results in doubt after the finalisation of the TRA..

Source: country fiche, CLE 2010

In the **Dominican Republic**, *results have been limited. Institutional strengthening has been misunderstood and a great part of the capacity building funds were used to pay salaries and administrative expenditures, to the detriment of technical and knowledge capital, which explains the low level of sustainability in the end. EU’s support was rather output-based and capacity development remained a challenge in an evolving framework in the competitiveness sector. The programme’s capacity building activities meant to strengthen institutions in charge of BDS provision to SMEs converged mainly on 4 institutions and left aside important business and financial service providers, such as universities, Technical Assistance Fund (FAT) operators, technical institutes, non-bank financial institutions. Moreover, activities mostly focused on operational capacity building such as the creation and installation of CONAMYPE’s 3 Business Development Centres, leaving aside institutional management (effectiveness, efficiency and credibility), knowledge and financial strengthening (country level evaluation).*

Source: Summary of evaluation reports, CLE 2011

8.2 JC 8.2: Extent to which Commission’s TRA has supported the development of FDI strategies and legal frameworks thus contributing to increases of FDI flows

8.2.1 I 8.2.1 Evidence of investment promotion in CSPs/RSPs and which provides matching between the country’s assets and investors’ requirements

Investment promotion with the specific objective to increase FDI flows was addressed through EU’s support only in a limited number of cases. This is reflected in the limited number of CSPs addressing this topic. For the first programming period covered by this evaluation between 2004 and 2006, among the countries assessed for the evaluation, 8 CSPs address support of investment promotion. For the second period between 2007 and 2010, 7 CSPs mention investment promotion⁴⁴. All RSPs except for the COMESA RSP 2007-2013 address investment promotion or improving the investment climate, whereby in the ASEAN region, investment promotion is addressed only with focus on specific countries.

The extent to which TRA has contributed to systematically addressing matching between the countries’ assets on one hand and investors’ requirements against the background of FDI promotion has been limited. TRA was aimed at overcoming bottlenecks for increased FDI (which has only brought limited results) through

⁴⁴ Out of 23 CSPs and 4 RSPs analyzed for the purpose of this evaluation.

- Addressing main bottlenecks in an appropriate way following national policy and/or TRA programming priorities, such as in Egypt, India, Paraguay, Tunisia, Zambia
- Finding and implementing adequate solutions to overcome challenges related to insufficient FDI, such as in Cambodia, Cameroon, Ghana, India, Zambia
- Introducing a more investor-friendly business environment (cf. Indicator 8.2.2)

In the field, trade-related services and investment promotion services were frequently offered by the same services provider. Therefore, for a number of institutions, such as in Bangladesh, India, Thailand, the MERCOSUR region for instance, findings under indicators 8.1.2 and 8.2.1 are overlapping.

Survey: *There is almost no change between the two periods regarding the assessment of importance of promoting foreign direct investment. The shares of each rating (“High”, “Low”, and “Very Low”) almost stay the same. No EUD rates the importance as “very high”, and all in all the importance is rather low. A high importance of investment promotion for the 2 programming periods is only given by the EUDs in Cambodia, Ghana and Russia (both programming periods) and Cameroon (second programming period only). This does not fully match with the findings from the CSP/RSP Analysis according to which investment promotion has been addressed in CSPs for Egypt, El Salvador, India, Russia, Tunisia, Ukraine and Vietnam (second programming period) and in El Salvador, India, Paraguay, Russia and South Africa, Tunisia and Ukraine (first programming period during evaluation period). India is a case in point where programming envisaged FDI promotion, but the EUD did not consider FDI promotion being important at least for the second programming period. Taking into account the limited number of programming documents mentioning FDI promotion as TRA focus, the assessment of the extent to which EU’s TRA has supported the development of FDI strategies, legal frameworks and contributed to increases of FDI flows (cf. Indicator 8.2.1) has to be assessed against the background of a) level of importance in the respective country/region and b) the Commission’s value added in this regard.*

Source: CSP/RSP analysis, EUD survey

Table 17 Importance: 2004-2006 & 2007 – 2010

	Very high	High	Low	Very low	Not relevant	Not sure	No reply
2004-2006:	0	3	3	2	1	4	3
2007-2010:	0	4	5	3	1	0	3

Source: EUD survey

There is a positive trend in the assessment of achievements, although achievements are generally assessed not very positively.

Table 18 Achievements: 2004 – 2006 & 2007 – 2010

	Highly satisfactory	Satisfactory	Partially satisfactory	Not satisfactory	Not relevant	Not sure	No reply
2004-2006:	0	1	1	2	4	5	3
2007-2010:	0	2	4	1	4	2	3

Source: EUD survey

CSP/RSP analysis (relevant for indicator 8.2.1 and 8.2.2): For the first programming period, covering 2004 to 2006, 8 out of 27 analysed CSPs/RSPs (29.6 %) address support to investment promotion. And for the second programming period, covering 2007 to 2010, 7 out of 27 analysed CSPs/RSPs (25.9 %) address investment promotion. South Africa is the only ACP whose CSP is addressing investment promotion (for the first programming cycle). Most countries whose CSP address investment promotion, come from the ENPI region. All analysed RSPs mention investment promotion.

In *Vietnam*, TRA was programmed in the light of numerous commercial and legal reforms were being prepared and implemented, including: the new enterprise development and common investment laws; a new Land Law; a new Customs law focusing on trade facilitation rather than control etc. In *Egypt*, improving corporate governance, enforcement of bankruptcy legislation and resolution of commercial disputes in courts are other important challenges in order to stimulate domestic and foreign investment (CSP 2). Much of the legislative structure for reform existed or was in the pipeline but the widespread implementation of reform was overdue at the time of programming (CSP1). One key area for

programmed EU's action was to reinforce the business environment in order to attract local and foreign investment. This included, among others improved regulation, efficient public administration (CSP 2). To improve *El Salvador's* position on international markets (EU and Central America) by intensifying and promoting the private sector's economic relations the EU programmed, among others, support to the improvement of the domestic competition policy framework, assistance in the analysis of tariff and non-tariff priorities and needs, and support for the further development of *El Salvador's* foreign direct investment regime (increasing its capacity to attract and benefit from FDI, human and institutional development) was programmed (CSP 1). In *India*, the programming of the Trade and Investment Development Programme (TIDP), launched under the previous CSP, aimed to provide an important element of EU TRA which will help strengthening investment and trade links between Europe and India. TIDP aims to smoothen impediments to mutual trade and investment flows in various fields through training, technical assistance and provision of equipment (CSP 2). Before, the EU aimed to bring on stream a special Trade and Investment Development Programme building on the industry driven "EU India investment and trade enhancement initiative" and supporting the mainstreaming of its tariff, tax and regulatory infrastructure with international practice, including standardization, conformity assessment, safety inspection as well as sanitary and phytosanitary systems; facilitation training for officials and industry on multilateral trade and WTO and promotion of industry driven studies on improving the trade and investment environment in key industrial and service sectors. In *Russia*, TRA programming foresaw the improvement of the investment climate, including by ensuring transparency, predictability and simplification of regulation and its application; to promote and facilitate two-way investments (CSP 2) and the support to the reform of public administration and of the judicial system, with a focus on trade and investment promotion and institutions related to PCA implementation and WTO accession processes, while tackling the corruption issue (CSP 1). In *Ukraine*, aimed to foster commercial exchanges and investment links and to improve the conditions for economic recovery and growth in Ukraine (CSP 1). In *Cameroon*, the introduction of specific investment promotion activities under TRA was recommended in various studies (under PASAPE), but apparently not further followed.

Further assessment of the achievements – see below.

Sources: *CSP/RSP analysis*

ProInvest has led to positive results in a number of cases facilitating meetings and contacts between the ACP and EU business community and eventually also creating new contacts between regional organisations from within the ACP region (also see above, indicator 8.1.2). However, flows of investment into assisted companies have rarely increased. Moreover, little evidence could be recorded of improved performance indicators for companies having participated in Investment Conferences, match-making events, or having received direct support from the Programme.

Source: *Monitoring of ProInvest, various reports (2011, Overall Monitoring Report 2008; 1st Quarter; 2008)*

In **Egypt**, the extent to which EU's TRA contributed to an increase of FDI cannot be assessed. However, some success can be reported: it can be confirmed that through EU's TRA (TEP A) the effectiveness of Egypt's commercial front desk (ECS) and the timeliness, quality and accuracy of the information its supplies to users could be improved. This front desk covered both, trade-related services (cf. JC 8.1) and foreign investment promotion services being part of Egypt's overall FDI promotion strategies. It is noteworthy though that, despite the apparent good results of interventions of the EU, Egypt fell on the Global Competitiveness Index, from rank 53 (out of 117 countries ranked) in 2005 to rank 81 in 2010 (out of 139).

Source: *country fiche, field mission, TEP A final evaluation report*

In **Moldova**, fragmented promotional activities, albeit important for distributing to as many potential investors as possible information about "haven" conditions for foreign business in Moldova, were unable, over the period examined, to bring about real improvements in attracting foreign investment into Moldova.

Source: *Summary of evaluation report, CLE 2007*

In **Ukraine**, investment promotion support has led to enhanced institutional environment conducive for investment promotion. Until 2010 however, there was little evidence of any contribution of EU cooperation to growth of investment in the country. Until 2010, the contribution of EU to the development of foreign investments was limited to support the reform of the legal and regulatory framework governing economic activity, which proved to be insufficient. In February 2010 the EU undertook to address this issue more directly. The Ukrainian Centre for Foreign Investment Promotion Centre

*(InvestUkraine) was launched through a twinning project in which the EU partners are the German Ministry of Economy and Technology and the Polish State Investment Agency. The project was apparently well designed.*⁴⁵

Source: Country fiche

In Tunisia, twinning with FIPA (Foreign Investment Promotion Agency) was supported through TRA, apparently with success. With EU support, FIPA could improve its capacities in enhancing FDI and consolidate a FDI promotion strategy. In more general terms and against the background of a positive Business Climate survey outcome in 2005, EU support has contributed to the enhancement of public-sector driven investment promotion services. This development was flanked by reduced administrative barriers to investment and an enhanced competition policy (cf. Indicator 8.2.2). Between 1995 and 2008, the country could more than double its FDI and FDI-induced employment although private-sector investment still remained under the threshold that should have been reached to significantly reduce unemployment through adequate growth. As an important element for this (partial) success, the joint development of sector-related development strategies was highlighted.

Source: EUD survey, CLE 2011

8.2.2 I 8.2.2 Legal and regulatory framework is more investor-friendly, including tax incentives while addressing environmental concerns

In the sample assessed for this evaluation, there is a limited of cases where TRA has substantially and visibly contributed to legal and regulatory environment which is more conducive for FDI attraction. Only in two cases, namely in Bangladesh and in Tunisia as well as for the COMESA region. EU support has clearly contributed to an improved regulatory investor-friendly framework which has eventually led to the attraction of FDI. Moreover, in cases, where such environment were improved, such as in Vietnam or in Zambia, a clear link between EU's TRA and an improved legal and regulatory investor-friendly framework could not be established. In some cases, TRA has actually contributed to the formulation of a more investor-friendly regulatory environment, but not managed to actually contribute to its implementation, such as in Cameroon or in Ghana.

CSP Analysis: *A growing importance of an enabling environment conducive for FDI and private sector development is reflected in the increasing number of CSPs highlighting this area (from 6 for the first to 11 in the second programming period).*

Source :CSP Analysis

In Tunisia, TRA has contributed to reduced administrative barriers to investment and an enhanced competition policy. It was accompanied by EU support to the privatisation of state-owned enterprises which after a somewhat slow start picked up momentum.

Source: CLE 2011

In Vietnam, a clear link between EU's TRA and an improved legal and regulatory investor-friendly framework cannot be established. TRA was provided against the general background of the country's WTO accession: Vietnam introduced liberalisation measures and made Vietnamese trade related laws and practices compatible with WTO requirements, which excludes any discrimination of EU products and businesses. During the evaluation period, the value of FDI in Vietnam increased drastically. In 2006, FDI accounted for about US\$ 13 billion, while in 2007 it reached US\$ 23 billion registered and 8 billion implemented. The export of EU countries has also increased substantially during the life span of MUTRAP II. In 2004 the value of EU exports to Vietnam amounted to USD 8 billion, while in 2007 it reached USD 10 billions." (MUTRAP II Final project report, p 22). The CLE notes that consecutive pro-business laws have continuously improved business environment in the last decade. The 2000 Enterprise Law has simplified the process of founding a new business and Unified Enterprises Law allows a level-playing field between Vietnamese and foreign companies. However, the CLOE also notes, that in some economic sectors (especially sectors where state has still an important weight, e.g. telecommunication, electricity, finance and banking); missing legislation still makes it difficult for foreign companies to establish a local branch. Furthermore, foreign investment is hindered by a long screening process, non-transparent bureaucracy, and an unreliable legal

⁴⁵ Country Strategy evaluation, 2010, Ukraine EAMIR 2010-2.

system. Unfortunately, the CLE does not establish a clear link between specific EU support of the project Multilateral Trade Assistance Project (MUTRAP II and III) and increased FDI.

Source: Country Level Evaluation 2009, MULTRAP II Final project report, Government statistics, ROM Reports MULTRAP III

In **Bangladesh**, under the leadership of other DPs, TRA has strongly contributed to a more investor-friendly environment. EU provided co-financing of an investment climate fund (BCIF fund) which brought about some remarkable results, such as an improvement of the company registration process, which has fallen from 30 days to 1 week, an economic zone law, reduced property registration fees, enhanced academic research and public-private-sector dialogue.

Source: country fiche, field mission

In **El Salvador**, EU's support to an investor-friendly regulatory environment and, eventually, to increase the attractiveness of the country for FDI, was limited, although envisaged with TRA design. EU's contribution (through the FOMYPE project) to develop a national, SME and investor friendly policy has been extremely limited. It was hardly effective as far as a legal framework for SME development and investment. It was not able to draw on the benefits from remittances at national and local level and to develop the financial and legal framework in a way that they could be better used to spur investments in productive capacities. This was mainly attributable to poor outputs of the TRA provided.

Source: Summary of evaluations report, CLE 2010

In **Zambia**, EU's support has not contributed to an enhanced investment climate. There is no evidence for the matching of the country's assets and investors' requirements although investment promotion was identified as major need by private sector stakeholders and the investment climate seems to have improved, but not due to EU's support. The EU-supported environmental protection and rehabilitation initiatives, but this was outside TRA and there is no evidence that environmental issues have been addressed with TRA. The outcome of TRA was also hampered by an "undigested" institutional reorganisation and merger of relevant investment promotion organisations.

For the Export Development Programme (EDP) for Zambia, a detailed methodology and plan for the implementation of a targeted Investment Promotion strategy was developed. The CBPSD aimed to strengthen SME-related services and improve the investment climate (project purpose) through enhanced institutional settings for investment promotion and investor-related services. The outcome in this regard was rather limited due to lack of willingness and capacity of the involved Zambia Development Agency (ZDA) (and predecessor organisation) to actually draw on Commission's support. Support to investment promotion has been constrained by challenges of working through a nascent co-ordinating institution. Efforts were made by the CBPSD to facilitate the performance of the co-ordinating institution, in particular through EU's TRA, but this was not successful. The CBPSD also aimed to strengthen SME-related services and improve the investment climate (project purpose) through enhanced capacities at the level of the Ministry of Commerce, Trade and Industry, improved the policy, legal & regulatory framework. What was revealed is that the Investment Centre undertook its own analysis of constraints to investment that was supported by the CBPSD. However this analysis was not incorporated in other activities supported by the programme, in particular those relating to policy dialogue..

Source: country fiche, CSP/RSP analysis, field mission

In **Ghana**, TRA contributed to policy formulation, but not necessarily to policy implementation related to an investor friendly regulatory framework. With contribution of TRA, key legislation was drafted that was intended to increase the regional position in attracting foreign investment, such as the Competition Bill and the Consumer Protection Policy. However, until 2010, the end of the evaluation period; none of the bills had been approved. The impact from government interventions to ensure the appropriate level of products and services have been focused mainly on legislative and judicial reforms that create an enabling environment for PSD, such as the approval of key legislation.

Source: country fiche, ROM report 2010, field mission

In **Cameroon**, the adjustment regulations for FDI is on the agenda, but not yet undertaken. Policy documents such as the DSCE indicate that this is the ambition, and PASAPE carried out studies regarding regulation, but not yet any revised regulations.

Source: country fiche, field mission

In **Mozambique**, support was given to the development of the competition law of Mozambique which was adopted according to the assessment of the EUD.

Source: EUD survey

In **Burkina Faso**, the establishment of Commercial Courts contributing to a more investor-friendly environment has succeeded. However, the overall business and legal framework still needed to be improved in order to become investor-friendly.

Source: Summary of evaluations report, CLE 2010

8.3 JC 8.3: Improved access to trade finance

8.3.1 I 8.3.1. Regulatory and supervisory framework conducive for trade-related finance developed

Hardly any evidence could be found that through TRA, a regulatory and supervisory framework conducive for trade-related finance was developed. The EU's interventions contributed to the enhancement of a regulatory and supervisory framework conducive for trade-related finance in only one region, namely in the COMESA region (the positive results in Tunisia resulted from a broader approach to financial sector development and did not primarily target trade-related finance).

In **COMESA**, TRA contributed to enhanced regulatory and supervisory framework conducive for trade-related finance. Under the Regional Integration Support Programme (RISP), **COMESA** made significant progress in the Regional Payment and Settlement System (REPSS) and the functioning export credit and investment insurance agency (ATI-ACA)

Source: Regional Level Evaluation 2008

In the **Comoros**, TRA could not contribute to an enhanced regulatory and supervisory framework for improved trade-related finance although this was foreseen in the programming stage for the period 2004 - 2006. Apparently, capacities and willingness to adjust the corresponding regulations were insufficient and failure was due to political instability and corruption.

Source: Summary of evaluations report, CLE 2006

In **El Salvador**, EU support has not contributed to enhance the financial and regulatory framework in a way that remittances could be smoothly channelled for investments in productive capital.

Source: Summary of evaluations report, CLE 2010

In **Tunisia**, with the support of the EU, the banking sector could be reformed through the modernisation of the financial sector legislation lowering market entry barriers for new entrants and of the bank supervision. It contributed to the liberalisation of the financial sector, although the financial sector continued to constitute a competitive disadvantage for the country. While these reforms covered the entire banking sector, they also contributed to enhance the regulatory environment for trade finance.

Source: CLE 2011

EIB Investment Facility (IF) targeted at ACP countries and OCT. The IF, among others, aims to contribute to the gradual integration of third countries into the world economy through sustainable private sector growth and increased private sector competitiveness. The extent to which with fund channelled through EIB positively influenced the regulatory and institutional framework was limited. In addition, its influence on the general business climate remained limited. Opportunities to allow EU interventions to benefit from EIB expertise with respect to business environment constraints were not seized due to a lack of coordination.

Source: Mid-Term Evaluation of the Investment Facility and EIB own resources operations in ACP countries and OCT, 2010

8.3.2 I 8.3.2 Widened product portfolio and increased access to and use of trade-related financial services (incl. by gender, e.g. female owned enterprises)

EU's TRA contributed to a widened product portfolio and increased the access to and use of trade-related financial services. Approximately 20 % of EU support provided for trade development was targeted to trade finance (according to the inventory undertaken for this evaluation). The share of trade finance support amounting to approximately 9 % of the overall TRA whereby the corresponding support strongly focused on the ENPI region.

However, there is limited evidence that beyond some specific and targeted interventions with positive outcome, TRA has contributed to a systemic improvement of the overall institutional and home-grown framework of trade finance providers. Moreover, there is no evidence of a gender approach in the delivery of such services. An exemption has been the use of EU funds through the EIB in the form of loan and/or capital facilities – this support had a broad and sustainable effect on the availability and use of trade-related financial services, such as evidenced through the EIB Risk Capital Facility in the ENPISouth (former MEDA region) or its trade finance support in Cameroon. An advantage of TRA financial services support channelled through the EIB consists of the possibility that EIB can leverage funds with own resources from the capital market thus increasing the amounts that could be made available for beneficiaries in third countries.

Overall, the importance that was attached in the perception of the EU to improve trade-related finance appeared to be low. This contrasts with the perception of beneficiaries at private sector level in the partner countries who consider that lack of trade-related financial services as an important bottleneck of in: in all countries where support to trade-related services was provided, this was considered to be an important element of TRA (as confirmed in corresponding evaluation reports and interviews with beneficiaries) and contributed to widen the portfolio of (trade-related) financial services.

Moreover, only in a few cases from the sample assessed for the purpose of this evaluation (such as in Ghana and in Zambia), evidence for a co-ordinated approach to support financial and non-financial trade-related services was found.

EUD survey: *Achievements of TRA related to trade finance are rated as rather limited by EUDs.*

There is a slight shift towards increased importance of improving access to both domestic and foreign trade-related finance (e.g. loans, letter of credit, export guarantees, trade credit insurance, export factoring). For the first period, no EUD assesses the importance as “Very High”, and just one as “High”. For the second period, one delegation assesses it as “Very High” and one as “High”. Nevertheless there is also an increase in number of EUDs considering the importance as “Low” and “very low”, from four EUDs for the first to five for the second period.

Regarding the achievements related to access to trade-related finance, the EUDs rate them quite negatively for both periods, however there are only few judgemental answers. For the first period, one EUD rates them as “Partially Satisfactory” and one as “Not Satisfactory” and for the next period, again one EUD rates the achievements as “Partially Satisfactory” and two Delegations as “Not Satisfactory”.

Table 19 Importance: 2004-2006 & 2007 – 2010

	Very high	High	Low	Very low	Not relevant	Not sure	No reply
2004-2006:	0	1	1	3	2	5	4
2007-2010:	1	1	3	2	4	1	4

Source: EUD survey

Table 20 Achievements: 2004 – 2006 & 2007 – 2010

	Highly satisfactory	Satisfactory	Partially satisfactory	Not satisfactory	Not relevant	Not sure	No reply
2004-2006:	0	0	1	1	3	6	5
2007-2010:	0	0	1	2	3	5	5

Source: EUD survey

EU TRA-related financial services support was mainly channelled through **Development Banks** (for financial sector support mainly EIB⁴⁶ to ENPI South and ACP countries, and World Bank used for broader development issues going beyond trade-related financial sector support) and *mainly provided through risk capital provision and interest rate subsidies. In the ENPI-South region, the use of the EU funds managed by the EIB was effective to link the EIB banking activities with the interventions of the EU. In general, for the first part of the evaluation period that was assessed with the Aid Delivery evaluation, positive results from funds channels for risk capital operations and interest rate subsidies.* This outcome is confirmed for the ENPI South region, where the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) Support fund has brought about positive results for SMEs and the industrial sectors (including trade-related sectors, such as tourism, automotive, agro-industries and high-tech industries) through the extension of (trade-related) financial services. The Risk Capital Facility has been successfully exploited by the EIB for financing promising private sector initiatives while developing and strengthening financial sector institutions and their capacity to finance SME. This clearly broadened the portfolio of financial services and contributed to the sustainability of trade-related financial services support. Moreover, 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 for other investors. As a development bank, EIB can leverage external aid budget with funds and own resources obtained from the capital market.

Source: Summary of evaluations report, Evaluation of Commission's Aid Delivery through Development Banks and EIB, 2008; RLE MEDA 2009

In **Tunisia**, EU support contributed to improve and widen financial service provision including trade-related finance (although it was not confined to trade finance). Financial sector reform gained momentum with the acceleration privatization process in the country.

Source: CLE 2011

EIB Investment Facility (IF) targeted at ACP countries and OCT: overall, the IF, including trade finance support channelled through the EIB, reinforced the financial viability and competitiveness of supported enterprises, although the overall impact on growth and competitiveness at country level remained modest which is mainly due to the still relatively modest resources that the EIB devoted to the development of the productive sector.

Source: Mid-Term Evaluation of the Investment Facility and EIB own resources operations in ACP countries and OCT, 2010

In **Zambia**, TRA contributed to increase access of exporters to trade-related financial services. TRA has addressed a major constraint, the lack of well performing financial intermediaries, by providing ways of compensating and/or substituting missing services (concessional credit lines and indirect tax exemption) rather than by contributing a broader trade financial sector development. Thanks to the trade finance provided under the Export Development Programme II (EDP II), exporters benefited from a quick disbursing credit mechanism without collateral, in an environment where commercial banks were reluctant to lend to associations and businesses due to the perceived risks, and to the ease with which the banks could buy Government Treasury Bills as a source of investment. The Zambian Export Development Fund (ZEDEF) has taken over the export finance facility of EDP II offering export financing, which is still difficult to get from commercial banks, at concessionary rates. EU's support did directly enhance access to export finance and did so in an innovative manner. However, this innovation has been lost in response to the challenges of extending the scheme to a wider and less established range of associations. There was no attempt to work with financial sector providers to try to improve the system wide delivery of export finance. This in turn undermined sustainability.

Source: country fiche, field mission

⁴⁶ Between 2004 and 2006, on average roughly 1.2 % - 2 % were channelled through EIB, i.e. a relative small amount compared to the overall external aid budget of the EU.

In **Ghana**, TRA contributed to increase access of agricultural exporters to trade-related finance in the targeted sectors. The Ghana Cocoa Sector Support Programme assisted in arranging credits for export-oriented farmers associations.

Source: country fiche, field mission

In **Cameroon**, accompanying support in trade finance (through EIB) has resulted in a widened financial services product portfolio and increased access to and use of trade-related financial services (also taking into consideration gender issues i.e. female owned enterprises). However, limited access to finance as one of the main constraints to increasing (international) competitiveness has still not yet been sufficiently addressed. Agro-industry was the economic sector to which the EIB has contributed the most, including the production of sugar, banana, oil palm and rubber. Complaints were heard that obtaining these loans is a long process (2 years) with many conditions attached.

Source: country fiche

In the **Comoros**, TRA support to widen access to trade finance was unsuccessful. The Disbursements under the credit line made available by FASP/CASP amounted to roughly 30 % only mainly due to a lack of suitable projects for corresponding finance.

Source: Summary of evaluations report, CLE 2006

8.4 JC 8.4: Increased competitiveness of export-oriented / trade-oriented enterprises in sectors of Commission TRA support (incl. fisheries, agriculture and forestry)

8.4.1 I 8.4.1 Evidence of growth of exports of supported sectors

The success of TRA in increasing exports can be in general rated between successful and partially successful. Evidence for increased export growth through TRA can be found in Zambia, Ghana, MERCOSUR, for some sectors in the Philippines.

While TRA was rather successful in helping some (groups of selected) enterprises to boost their exports, broader impact of TRA on export growth at sector level appeared to be more limited. Apparently, EU's TRA did only partially manage to launch and/or pilot increased international competitiveness at a broader national level.

For instance, in the ENPI South region, significant breakthroughs of exports to the EU and the intensification of intraregional trade that would be necessary to reach the objective of shared prosperity of the former MEDA region have not taken place at the expected pace notwithstanding the increased financial resources and the faster disbursement of (former) MEDA II programmes. There is a positive but minor evidence of an impact of research and innovation support on exports. Moreover, as evidence suggests in ENPI South countries and in Ghana, TRA has not contributed to a substantial export diversification.

In environments where agricultural-based traditional exports were still dominating international trade, TRA has strongly contributed to increase and/or stabilize exports, such as in Ghana, Cote d'Ivoire or Cameroon: TRA contributed to a large extent to the stabilization of exports in challenging international market environments. This holds particularly true for sectors that have been supported through specific budget lines such as banana or sugar. However, it could not be assessed to what extent the budget amounts used for such rather "defensive" support would have contributed to increased exports if made available for other sectors with export potential, i.e. the level of costs for foregone opportunities in other business areas with export potential. In some cases, such as in El Salvador, trade in the service sector could be increased, but to a lesser extent in the productive sector. Moreover, TRA focusing on a limited scope of enterprises tended to attain objectives to a lesser extent, such as in Cote d'Ivoire (fisheries).

Generally speaking, the number of influencing factors makes it difficult to precisely attribute export growth (or lack thereof) to TRA. In many of these cases, the lack of results in terms of exports is due to external factors. Evidence suggests that this is due to external factors outside the scope of TRA, such as in Egypt, where, following changes to WTO Global Trading Rules in

2005⁴⁷ and the strong emergence of Chinese and other Asian producers, it became increasingly impossible to achieve the export targets, latter compounded by the global credit crunch.

Survey: *Improving competitiveness of export oriented sectors seems to be an important area in the eyes of the EUDs which is even more important in the second period compared to the first. Almost 80% rank the importance of this issue as high for the first period. For the second period, around 70% rank it as “high” and almost 10% rank its importance as “very high”. It is also noticeable that a high number of EUDs gave an answer to this question. The majority of EUDs assesses the achievement in this area as “satisfactory” for the first period (2004 – 2006). However, for the second period (2007 – 2010), the assessment is less favourable.*

Table 21 Improving competitiveness of export oriented sectors - Importance: 2004-2006 & 2007 – 2010

	Very high	High	Low	Very low	Not relevant	Not sure	No reply
2004-2006:	0	7	2	0	1	4	2
2007-2010:	1	9	3	0	1	0	2

Source: EUD survey

Table 22 Improving competitiveness of export oriented sectors - Achievements: 2004 – 2006 & 2007 – 2010

	Highly satisfactory	Satisfactory	Partially satisfactory	Not satisfactory	Not relevant	Not sure	No reply
2004-2006:	0	4	2	1	1	6	2
2007-2010:	1	2	7	1	2	1	2

Source: EUD survey

In **Egypt**, TRA contributed to an increase of EU-Egypt trade although the extent of such increase cannot be measured. The overall impact of research and innovation support on exports has been positive but minor. Overall, Egypt's competitive position in the world economy has not improved in the period of the evaluation (see Table 24).

Table 23 Global Competitiveness Index rank of Egypt

Year	2004	2005	2006	2007	2008	2009	2010
Rank	62	53	63	77	81	70	81
Number of countries	104	117	125	131	134	133	139

Source: Global Competitiveness Index

However, the export performance was nevertheless good with the value almost doubling in the evaluation period (see Table 25). There is thus a discrepancy here, probably explained by the still outstanding issues and challenges in the labour market and issues pertaining to macroeconomic stability and good governance.

Table 24 Export volume index of Egypt

	2004	2005	2006	2007	2008	2009	2010
Exports Volume Index	129.0	136.1	146.8	162.8	203.1	209.4	214.1

Source: OECD

Although the positive trend in export volumes cannot be only attributed to the implementation of the project, it is no doubt that the TEP A Component 2 activities contributed to the smooth increase of EU-Egypt trade. In the Research, Development and Innovation (RDI) programme no single sector was supported but rather any enterprise with a good proposal for linking research with commercial innovation;

⁴⁷ End of the Multi-Fiber Agreement (MFA).

and has funded over 50 smaller projects on that basis. Most have been successful but not all have been export oriented.

Source: country fiche, field mission

In **Mediterranean Partner Countries** (MPC), most programmes have delivered their expected outputs with substantial advantages for the direct beneficiaries. Positive moves have been observed in all MPC in terms of economic stability, competitiveness and trade. In terms of results, EU interventions have contributed to improving the formulation and stimulating implementation of important reforms at macroeconomic and sector levels. However, the significant breakthrough of exports from the MPC to the EU and the intensification of intra-regional trade that would be necessary to reach the objective of shared prosperity (2d Pillar of Barcelona) have not taken place at the expected pace notwithstanding the increased financial resources and the faster disbursement of MEDA II. In terms of trade the region remains one of the least integrated in the world (which is also partly due to its industrial structure still relying on traditional products, such as textile/garments, agriculture etc.); its international trade is progressing but more with the rest of the world than with the EU, and a majority of MPC are losing international market shares.

The main explanatory factors behind these trends are the lack of export diversification of many MPC economies and, therefore, the absence of complementarity between their production structures and a slow pace of economic and political reforms that limited their competitiveness. It is striking that for all MPC, the share of exports to the EU has declined in 2006 compared to 2000. For imports a similar picture emerges but in general the relative reduction of imports has exceeded that of exports implying an improvement in the trade balances with the EU and a decreased economic dependence, but also a lower trade integration. Up to 2006: leaving aside Algeria whose surplus on the EU exploded thanks to rising hydrocarbon prices, four countries have reduced their trade deficit with the EU: Egypt, Israel, Tunisia and Lebanon. Morocco, whose trade with the EU is important has a rising deficit with the EU, as well as Jordan whose trade flows with the EU are relatively less important. All countries have experienced growth of their international trade but they are losing global market shares except in four cases (Jordan, Lebanon, Egypt and Turkey). For all MPC, and particularly for those expanding their international trade more rapidly, the expansion takes place primarily in non-EU markets.

Source: Summary of evaluation reports, RLE MEDA, 2009

In **Ghana**, TRA has contributed to enhanced exports of supported enterprises, in particular in the agricultural commodity sector. The extent to which TRA has contributed to such increased export cannot be measured though. However, beyond helping some enterprises to considerably increase exports, the impact of TRA on export increases at sector level appears to be rather limited.

During the implementation of the Private Sector and Trade Enabling Programme (PSTEP), Ghana enhanced its position in international trade with rapid growth of export and imports, in particular non-traditional exports supported by the Programme that have recorded some modest growth and rose to 28% of total exports in 2009 (ROM report 2010). The impact of PSTEP on this development is challenging to evaluate, but core trade-related indicators did improve with total imports increasing by 80% in the evaluation period whereas exports increased by 54%. However Ghana global competitiveness declined in the same period from number 64 out of 104 countries in 2004 to number 114 out of 139 countries in 2010 (Global Competitiveness Index). PSTEP triggers focussed on increasing the share (value wise) of non-traditional exports (NTE), which was reached. Cocoa paste, canned tuna, veneer, cocoa butter, shea-nuts and pineapples are among the 10 leading NTE products exported. However it is difficult to establish attribution or even contribution from the EU and GoG to this outcome, which relied on e.g. world prices, world demand/supply and also the decisions of private producers all of which may not be within the GoG / EU area of influence.

TRA to specific export sectors focussed on e.g. cocoa (CSSP) and pineapple (global COLE APC). While overall cocoa and pineapple exports have increased, the immediate impact of both CSSP and COLE ACP has been trivial as they have only reached a small fraction of farmers. In addition the exact impact in terms of increases in exports and incomes is poorly monitored and documented. However there is a clear possibility that the techniques and technologies introduced will spread to other farmers especially if the institutions (e.g. Cocobod and pineapple exporters' associations) fully adopt and find financially sustainable methods of mainstreaming these methods to the wider sector. In the pineapple sector there are indications that this is happening, whereas there is more uncertainty in the cocoa sector.

Source: country fiche, field mission

In **Cote d'Ivoire**, TRA had a very positive effect on the competitiveness of the banana sector in the country which benefitted from a large amount of support. TRA contributed to the stabilization of exports in a challenging market environment in this sector. However, a “counterfactual” for this approach does not exist, i.e. an analysis if a more diversified approach to the benefit of other sectors (as opposed to a market retention approach) would have had a higher impact on trade development. Feedback from private sector representatives clearly suggests that a more pro-active approach in terms of product and/or regional diversification is needed to increase economic resilience and increased added value. Interviews held at the occasion of the field mission in Cote d'Ivoire have led to the conclusion that as a first step, a stabilisation of labour-intensive traditional sectors could be the backbone of an effective trade development support which then would have to be followed by a swift “opening-up” of TRA to other sectors with export potential. Evidence from Cote d'Ivoire also suggests that this opening-up may have been delayed due to the political situation in the country but also due to procedural aspects related to the focus on thematic budget lines made available by the EU with limited flexibility in channelling funds to other sectors with promising export potential.

Source: field mission

In **Zambia**, EU's TRA has strongly contributed to exports and job creation. TRA successfully supported both government and private sector organisations in successfully developing export promotion services. All participant PAs report positive export development from their involvement (Evaluation EDP II). TRA supported the strengthening of private sector associations in trade promotion both in terms of service delivery and dialogue. According to the management of the Export Development Programme I (EPD I) for Zambia, € 25 million of sales had been generated by the activities of the programme and over 3,000 additional jobs had been created. TRA supported the Export Board of Zambia which was voted best trade promotion organisation (TPO) from an LDC at the World TPO awards 2006. Capacity was also built amongst private sector associations and trade fairs where supported.

However, the support was reported as somewhat ad hoc, leading to trade fairs and market development activities no longer included as activities to be supported. Private sector associations were also trained and participated in trade fairs and market development activities expanding market knowledge and contacts for members totalling at least 420 companies. However, the lack of overall framework and strategy for the export promotion meant that during the period under review that some export promotion activities were not supported by government, which provided only the basic resources for establishment, which led to EU TRA focussing more on capacity building activities aimed at sustainability. Government now provides resources for trade fairs and market development. The impact of EUs support to the Cotton Association of Zambia on exports was very high and mainly followed a value chain approach.

Source: country fiche, field mission

In **Cameroon**, the companies benefitting from TRA support (under PASAPE) have increased competitiveness and their export-oriented production. Moreover, the banana, coffee and cocoa sectors have been targeted with specific EU projects to increase their production and sales. However, it is questionable to what extent TRA (to the banana sector) has had impact on export growth and increased sector competitiveness. Major changes in the quantity of harvested and exported banana could not be linked to EU's interventions but probably resulted from weather conditions and changes in the plantation techniques. The banana sector has shown notable growth (i.e. increased competitiveness in the face of reduced tariffs to the competition), whereas more time is needed to see the positive effects in the coffee and cocoa sectors. However the purpose of such support was to compensate the loss of market privileges due to reduction of tariffs applied by the EU on other suppliers from Latin America. Therefore it constituted market retention rather than a growth sector approach. Moreover, TRA has positively influenced cocoa and coffee sector development although the level to which TRA has contributed to broader sector development is questionable. Despite the banana sector being one of the strongest in Cameroon, the long term sustainability of the banana sector is in doubt, due to the much more competitive nature of bananas of Latin American origin. The programme oriented to increasing the competitiveness of the Cocoa and Coffee sectors benefit many more small farmers (up to 600,000), and is likely to have a stronger impact in the long run.

Source: country fiche, field mission

In **Uganda**, EU's focal sectors contributed to attaining the intermediate impacts of regional significance. Agricultural production has increased, which enhances food security and ability for Uganda to increase intra-regional trading with neighbouring countries. Agricultural products exports have grown substantially over the past years.

Source: Summary of evaluation reports, CLE 2009

For **MERCOSUR**, *EU's support has mainly provided added impulse to a surging economy, targeted at increasing competitiveness and exports of SMEs. In general the objective has been achieved, although some sectors failed to get organised into meaningful clusters, which subsequently have not continued to operate after the end of the project.*

In MERCOSUR there was no joint regional marketing or promotion of products. The area where trade promotion has taken place to a certain extent is in the creation and increase of competitiveness of selected sector clusters, some of which are oriented towards export (PACPYMES), and in the support to companies wishing to attend trade fairs abroad where their products could be exposed to potential importers (AL Invest). The success of the growth of the Uruguayan economy speaks for itself, and it is mainly centred on a dramatic increase in revenue through exports. The country has always been highly focused on exports, and therefore has most related areas covered. A national branding programme exists ("Uruguay Natural"), and government actively participates in the promotion of national products. The private sector is dynamic in searching for new markets. The areas for improvement include the strengthening of commodity value-adding industries, manufacturing industries, niche quality markets and services such as tourism. The EU has been able to target a sample of these diverse areas through the PACPYMES, which by obtaining good participation from SMEs and collaboration with government bodies, has been fairly successfully implemented.

Source: field mission

In **Paraguay**, *EU support contributed to remarkable sector growth in the software sector, but also resulted in a positive development of the cassava, poultry and starch sector.* The Project "Proyecto de Fortalecimiento de la Competitividad del Sector Exportador Paraguayo" (FOCOSEP) followed a national competitiveness enhancement strategy including export promotion and international competitiveness enhancement. (Mid-term evaluation of FOCOSEP, 2008, p.34). It clearly confirms that trade-oriented sector development is positively influenced by a sound sector analysis, comprehensive approach including the policy, meso and enterprise level as well as a long term perspective and innovative support approach focusing on market niches with good development potential.

Source: country fiche / Mid-term evaluation of FOCOSEP, 2008

For **Vietnam**, *no specific EU TRA can claim responsibility for increased EU-Vietnam trade. Moreover, there is no evidence that SME support via SME development funds has contributed to increased SME competitiveness on international markets.* Bilateral trade between EU and Vietnam, and investment relations have quantitatively and qualitatively improved. The volume of EU-Vietnam trade has almost doubled between 2000 and 2007; it grew much faster than the EU's total trade with ASEAN which increased by about 15% from € 116.9 billion (2002) to € 135 billion (2007). In 2007, the EU overtook Japan to become the second largest trading partner of Vietnam and, followed China (the largest trading partner) closely (Indicator 4.5.1). Any empirically sound judgment on the specific impact on EU-funded programmes on the improvement of trade and investment relations is impossible to make as the EU's role towards reform processes in Vietnam cannot be analytically isolated from other factors (CLE). The EU also supported SMEs through the Small and Medium-sized Enterprise Development Funds I and II, since 1998. However, the documentary evidence does not provide any findings on the impact of activities funded under the programme on SME's export competitiveness.

Source: country fiche

In the **Philippines**, *TRA was particularly successful with regards to the fishery sector but failed to improve the international competitiveness of coconut growers.* Today the Philippines are in a better position to participate in international trade (not at least with the EU) and deal with the challenges of regional and global integration than at the beginning of the evaluation period in 2002. TRTA 1 was particularly successful with regards to the fishery sector but failed to improve the situation of coconut growers in the domestic and export market mainly due to more unfavourable enabling environment in these sectors.

Source: Source: Summary of evaluation report, CLE 2011

In the **Dominican Republic**, EU cooperation improved the ability of private sector firms to be competitive in the EU Member States in specific well-targeted sectors and contributed to increase exports in – albeit few – sectors targeted through TRA. It also contributed to improve international competitiveness on non-EU markets. EU support has provided an opportunity for DR firms to eventually benefit from the EPA thus benefitting from reduced market entry barriers.

Source: Summary of evaluation report, CLE 2011

In **Senegal**, the EU initiatives did not succeed in fostering international trade, due to their concentration on products with stagnating demand.

Source: Summary of evaluation report, CLE 2010

In **Namibia**, a rural development programme contributed to sector growth and incorporated trade policy development within its support to agriculture. This design allowed the EU to successfully address the threat to Namibia's beef exports to the EU posed by the requirement for traceability and to increase beef sales in the commercial market.

Source: Summary of evaluation report, CLE 2009

In **Moldova**, evidence is not clear if and to what extent EU's TRA has had a major tangible impact on export growth. Firms able to benefit from TRA were, for the most part, firms that already had some expert capacity in place. Three EU projects provided a substantial amount of highly relevant assistance for promoting closer trade and economic relations between Moldova and the EU. However, at the aggregate level, the observed increase in Moldova's exports to the EU appears to be due to a decline of exports to the CIS countries and reorientation towards the EU. In the Moldovan economy some two thirds of export potential is covered by 10-15 companies, which often already possess the basic skills needed for export marketing. Many of these have developed their own business strategies and specific marketing plans.

Source: Summary of evaluation report, CLE 2007

In **Jordan**, the EU-supported SMEs have developed their awareness of international markets, their capacity to export, and their actual exports to Arab countries, the USA and other parts of the world. However, the expected breakthrough in their exports to the EU did not occur, despite a few low-scale success stories.

Source: Summary of evaluation report, CLE 2007

In the **Comoros**, TRA had not led to increased regional and/or international competitiveness and export growth due to lack of proactivity of the target group at private sector level and of seizing the opportunity to participate at international trade fairs.

Source: Summary of evaluation report, CLE 2006

In **Central America**, there is enough evidence to show that national programs promote competitiveness and private sector development and commercial activities intraregional level. The evolution of intraregional trade is difficult to determine the degree of impact and causality with cooperation. But there is evidence that EU's support contributed to the deepening integration through the customs union, the effective free movement of goods, services and capital in Central America, the harmonization of standards.

Source: Summary of evaluation report, RLE 2007

Support to trade in services – tourism: Particip has undertaken a specific sector-related case study which is attached in Volume 2c. In the majority of cases, tourism-related support was embedded in broader, rather non-tourism-specific programmes. Evidence from the case studies undertaken for this evaluation suggests that EU's tourism support has only partially taken into consideration the complexity of the sector development needs. It has mainly focused on tourism marketing and networking and partially acknowledged a more comprehensive approach to tourism development support (also see below).

Tourism is an important sector covered by EU's support although, towards the end of the evaluation period, growth rates in other services sectors including international transportation and financial services have been higher than in the tourism sector. Tourism support can be found in a number of countries and regions, such as in ASEAN, Namibia and Tanzania. With the EU support to the development of sustainable tourism in third countries, the EU aimed to lay the ground for an effective tourism

development following a comprehensive tourism development approach comprising institutional, economic, ecological as well as socio-cultural sustainability. The approach addressed the legal and institutional framework, support for developing human resources, public heritage and infrastructure, information and commercial organization and the consolidation of the industry in a competitive market economy as main intervention areas.

Source: Study "Effects of support to tourism development", Particip, 2012 (Annex 2b) COM (1998) 563; Study of Effects of Support to Tourism Development, Particip September 2012, Eurostat website on Trade in Services http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/International_trade_in_services Eurostat (2009) EU's trade in services – analytical aspects

Sector support forestry: *As an outstanding trade development related global support approach in the forestry sector, the Forestry Law Enforcement, Governance and Trade (FLEGT) Programme has achieved strong results in combining environmental protection as a cross-cutting issue, sector support and trade development. In the countries under review, such as in Indonesia, it has mostly achieved its trade-related objectives, namely ensuring compliance of legality and fair trade measures and increasing public awareness and access to information timber certification and trade opportunities eventually leading to export growth. Moreover, it has contributed to enhance the visibility of the EU in this sector and its position of strongly influencing sector-related coordination. A bottleneck still to be fully addressed is to become a knowledge exchange related to foreign markets and exporters' level and the coordination of stakeholders at country level. Under FLEGT, a number of Voluntary Partnership Agreements (VPA) between the EU and third countries were concluded with Congo, Cameroon and Ghana having signed during the evaluation period.*

Source: Evaluation of visibility of EU external action, June 2012, FLEGT 6th Annual Coordination Meeting, Final Report, 2011

8.4.2 I 8.4.2 Geographic diversification of exports of supported sectors

EU's TRA resulted in the geographic diversification of export destinations in supported sectors in a number of countries, such as in Egypt, Moldova, and Cameroon. In some cases under review, the efforts of diversification gave mixed results, such as in Senegal and Vietnam. Project documents from trade development interventions in many countries do hardly provide evidence that the trade diversification potential was systematically assessed. During the evaluation period, the move towards a stronger regional market penetration, which is now, at the time evaluation report drafting clearly more visible, was only at its inception.

CSP Analysis (covering the trade and investment related enabling environment): *A growing importance of an enabling environment conducive for private sector development and trade is reflected in the increasing number of CSPs highlighting this area (from 6 for the first to 11 in the second programming period).*

Source :CSP Analysis

In **Egypt**, the establishment of new export markets for Egyptian products due to TRA, in the absence of objectively verifiable indicators, could not be measured. According to the Final evaluation (2008) trade between the EU and Egypt has significantly increased since entry into force of the Trade Enhancement Project A (TEP A). In the RDI the export was very diverse from ICT, to Isolation of Powdery Mildew Resistance Gene(s) in Flax and Traceability for Agriculture Competitiveness. Again only part of the RDI projects were export oriented but most of those that were, clearly assisted in export diversification. Again the overall impact on export diversification was minor.

Source: country fiche, field mission

In **Moldova**, evidence is not clear if and to what extent EU's TRA had a major tangible impact on export diversification..

Source: Summary of evaluation report, CLE 2007

In **Cote d'Ivoire**, TRA has contributed to a geographic diversification of exports in the supported sectors and an upgrading of exported products in terms of quality. However, for the evaluation period, TRA has not led to a further product diversification. Feedback from private sector representatives clearly suggests that a more pro-active approach

in terms of product and/or regional diversification is solicited leading to increased economic resilience and increased value added.

Source: field mission

In **Senegal**, despite initiatives and interventions through regional programs and their complementary interventions at the national level, the rate of growth of regional and international trade is capped and the level of diversification is limited. The impact of TRA on regional integration and strengthening the competitiveness of Senegal was modest. Performance of the export sector has been poor over the past two decades: they were undiversified, had a low value, and were faced with the slow growth of their price in the foreign market. In addition, the driving sectors of the Senegalese economy have been experiencing difficulties and a downward trend in their relative share of deepening the trade deficit.

Source: Summary of evaluations report, CLE 2010

In **Ghana**, the evidence of TRA's contribution to diversified export is visible, in particular related to agricultural commodity support. The extent to which TRA has contributed to such increased export cannot be measured though. However, beyond helping some enterprises to considerably increase exports, the impact of TRA on export increases at sector level appears to be rather limited.

During the implementation of the Private Sector and Trade Enabling Programme (PSTEP), Ghana enhanced its position in international trade with rapid growth of export and imports, in particular non-traditional exports supported by the Programme that have recorded some modest growth and rose to 28% of total exports in 2009 (ROM report 2010).

Source: country fiche, field mission

In **Uruguay**, TRA related to the geographical diversification was confined to support in fair participation whose outcome was apparently not systematically measured and corresponding follow up assistance was not provided.

Source: field mission

In **Bolivia**, TRA has not led to a diversification of exports, despite this being an objective.

Source: Summary of evaluations report, CLE 2007

ENPI South countries, in terms of trade, remain the least integrated in the world. The region's international trade was progressing but more with the rest of the world than with the EU, and a majority of ENPI South countries have been losing international market shares. *The main explanatory factors behind these trends are the lack of export diversification of many ENPI South economies (although considerable TRA was provided in this region). The absence of complementarity between their economies, and a slow pace of economic and political reforms that limited their competitiveness has persisted.*

Source: Summary of evaluations report, RLE 2009

For **Vietnam**, no specific EU TRA can claim responsibility for trade diversification. It was only after the end of the evaluation period, that EU support aimed to focus on trade diversification through specific activities aiming to improved capacities of both the public and private sectors to meet more demanding health, hygiene, security, and environmental requirements in major export markets. *It can therefore be stated that lessons learnt from TRA provided during the evaluation period were taken into consideration for programming purposes with the aim to better draw on the diversification potential of the country.*

Source: country fiche, MTRs, Evaluation Reports MULTRAP II + III, PSSP and European Technical Assistance project (ETV II), CSP 2007 – 2013 and NIP 2011 - 2013.

In **Namibia**, TRA focusing on a diversification of tourism performed well and contributed to trade diversification. However, the sustainability is very different for the two main projects aiming at the diversification of tourism. Stakeholders in the tourism sector were universally optimistic about the future of the sector, and community based tourism in particular as a new, pro poor product to market internationally. This was in large part because of the confidence in the Namibia Tourism Board, a strong private sector organization – FENATA – that has good links across the sector and with government. The NASSP, though problematic as a rural development programme, incorporated trade policy development within its support to agriculture and sought to develop and commercialise indigenous plant resources – resources to which the poor have relatively greater access than to livestock. Among other things, this

design allowed the EU to address the threat to Namibia's beef exports to the EU posed by the requirement for traceability and to increase the opportunities for beef sales in the commercial market by e.g. construction of kraals for cattle auction. Support to Namibia Tourism Development through the NTDP included community-based tourism which again had significant potential in increasing the pro-poor impact of trade in services.

Source: Summary of evaluations report, CLE 2009

8.4.3 I 8.4.3 TRA has contributed to an enabling environment for trade oriented sectors (incl. agriculture, fisheries & forestry)

In a number of cases under evaluation, EU's TRA has contributed to improve 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 aiming at various sectors), such as in Bangladesh, Dominican Republic and Vietnam. However, there are also cases where EU's TRA has not contributed to an enhanced enabling environment and could not sufficiently complement trade development at sector level, such as in Egypt, where, as a typical example, support to the spinning and weaving sector was not adequately accompanied by sector-related macro-level reforms.

Moreover, in many countries under evaluation, such as in China or in Ghana, results related to enhancing the enabling environment seemed to be somewhat compromised by deficiencies in implementation, which can be due to lack of financial resources to actually implement conducive sector policies and limited advocacy capacities at private sector level (Ghana) or slow pace in converting policy plans into action at a broader scale (Burkina Faso, China, Zambia)

While TRA has contributed to the enhancement of research and technology transfer networks in some cases, such as in Egypt and to some extent in Bangladesh, the support to enhancement of innovation and technology transfer does not appear prominently in programming and assessment documents. EU support referring to the improvement of the enabling environment related to technology transfer was found only in few cases, such as in Egypt, research and technology transfer institutions and improved methods of sector coordination and knowledge transfer eventually increasing international competitiveness of economic sectors.

EUD survey: *Overall, EUDs rate the achievements of the first period slightly more positively than those of the second period. For both periods, no EUD rates the achievements as "highly satisfactory".*

Improving competitiveness of export oriented sectors through improved enabling environment at macro level is assessed as being slightly more important in the second period than in the first period. All in all, the importance of this area is seen as rather high.

Table 25 improving competitiveness of export oriented sectors through improved enabling environment at macro level - Importance: 2004-2006 & 2007 – 2010

	Very high	High	Low	Very low	Not relevant	Not sure	No reply
2004-2006:	0	7	2	0	1	4	2
2007-2010:	1	9	3	0	1	0	2

Source: EUD survey

Table 26 *improving competitiveness of export oriented sectors through improved enabling environment at macro level - Achievements: 2004 – 2006 & 2007 – 2010*

	Highly satisfactory	Satisfactory	Partially satisfactory	Not satisfactory	Not relevant	Not sure	No reply
2004-2006:	0	4	2	1	1	6	2
2007-2010:	1	2	7	1	2	1	2

Source: EUD survey

In **Egypt**, EU's TRA has contributed to facilitating the development of productive sector activities but Egypt's performance in ease of doing business remained under the regional and income groups' averages. TRA has particularly contributed to the enhancement of research and technology transfer networks. The enabling environment at sectorial level (spinning and weaving) could not be enhanced to an extent to really support sector development.

The Final Evaluation of TEP A confirmed that results were achieved in relation with the competition regime and consumer protection law, which are two relevant institutions to increase competitiveness of Egypt and therefore foster trade. TEP B has strengthened the Ministry of Finance in implementing the necessary mechanisms to increase competitiveness (ROM Report TEP 2). The Research, Development and Innovation Programme (RDI) contributed to enhance Egypt's economic growth and international competitiveness through improving its research, development and innovation performance. The RDI reached the beneficiaries (i) the public and private research and technology transfer institutions and (ii) the Egyptian industrial sector, in particular the small and medium-sized enterprises which showed strong response. A positive impact was expected, as the project has given impulse to cooperation between industry and university, and has given to the Egyptian scientists a better access to international funding and networking. The contribution to the improvement of the trade environment is very significant (ROM Report RDI). In the spinning and weaving sector the objective of creating a better regulatory framework did not prove the long-term prospects for the sector but at best made the decline more socially and politically acceptable.

Source: country fiche, field mission

In **Ghana**, there are indications about TRA's contribution to an enhanced enabling environment. Policy making related to enhancing the enabling environment seemed to be somewhat compromised by lack of financial resources and/or limited capacities at private sector level (related to needs articulation and policy implementation). The PSTEP did aim at improving the overall business environment including for the trading sectors. The chosen indicators did improve and although there are concerns about the integrity of the basis of these (the DB database) but other indications also suggest that there were improvements in the general business environment during the period. Again it is very challenging to correlate EU's TRA (esp. PSTEP and the wider PSDS) with such outcomes. At the project level the CSSP also aimed at improving the environment in two ways: one to introduce better extensions models (including FFSS) and by supporting smallholder organisations to shape the cocoa sector strategy. The extension models were developed and found effective, but the key issue is whether Cocobod will have the willingness and financial resources given the higher unit costs. The second objective of improving smallholders voice in cocoa strategy development (in particular in relation to Cocobod) proven challenging as newly created organisation had capacity issues in articulating their needs and demands vis-à-vis more established organisations like the Cocobod. The CSSP, COLE PIP did not focus much on the overall environment but the technologies and methods introduced have been internalised by several producer and exporter associations which could improve production levels, productivity and quality.

Source: field mission

In **Bangladesh**, clear evidence is available for the EU's TRA contributed to an enabling environment for trade in fisheries and garments in a sustainable manner. BQSP and BEST supported the process of transferring NITTRAD, the training and research institute for the textile sector, into the hands of the private sector and make it operational as well as enable it to provide adequate support to the private sector. NITTRAD has come close to being a fully sustainable institution, mainly via the right to give out degrees which meets a high demand. NITTRAD was enabled to support the sector in becoming more innovative, as well as providing skills and knowledge (and education) in vital business areas such as design, marketing, branding,

product innovation (like green fashion). Overall, BQSP/BEST via NITTRAD has made an important contribution to prepare Bangladesh textile industry for the future. Furthermore, there was no monitoring to gather information as to what extent people who are trained and educated at NITTRAD have been really employed in the Bangladesh textile industry (or leave the country to work abroad).

Source: field mission

In **Cote d'Ivoire**, the effect of TRA on the enabling environment was positive although it was rather limited to specific supporting measures (such as support to regulations related to standard setting and not broader sector-related policies).

Source: field mission

EU's TRA to support **Regional Integration Support Programme to Eastern and Southern Africa and the Indian Ocean (ESA-IO)** in general, and to **COMESA** in particular, has contributed to a regional increase in intra- and extra-regional trade. This effect was achieved through TRA helping improve regulations and integration of the markets, but also through external factors (high international demand, etc.), transport and communication systems and management of natural resource. Merchandise exports within COMESA grew by 140% during the period 1996-2006.

Source: field visit, summary of evaluation reports, ROM reports

In **Zambia**, statutory bodies with the objective to streamline and improve trade-related services have benefitted from TRA which has led to improved trade-related services. However, the objective of strengthening the institutional framework and business environment to contribute to the creation of a more competitive private sector better able to meet domestic demand was not achieved mainly due to a lack of institutional capacities at national public administration level and a lack of willingness and unclear responsibilities of public institutions versus EU support. TRA has laid the ground for an improved enabling environment, although the depth and breadth of corresponding reform has not been sufficient for farer reaching impact and sustainability. Moreover, the CBPSD rather unsuccessfully aimed to strengthen SME-related services and improve the investment climate (project purpose) through regulatory environment. The Export Development Programme II (EDP II) contributed in setting the ground for stimulated export sales; however, it is doing so without affecting the global conditions for trade so that the major constraints are not alleviated and the sustainability of the positive impact is at risk.

Source: country fiche, field mission

In the **Philippines**, the upgrading of the legislative and regulatory framework through TRA was highly relevant to the needs of the fishery sector, but of minimal relevance to the coconut sector. It has strongly impacted the positive result in the fisheries and the low impact in the coconut sector in terms of export increase and stronger competitiveness.

Source: Country Level Evaluation 2011

In the **Dominican Republic**, competitiveness still remains a major challenge and is being tackled by a more comprehensive government-led policy approach (recent achievements include a competitiveness framework) that is supported by the EU through a direct alignment to the plans of the GoDR. EU support to the enabling framework has been successful in well-targeted interventions concerning trade and market opportunities in a diversified manner in specific sectors, mainly through product quality, SME support and competition improved frameworks. Less evident at this stage are the results to be obtained from a more comprehensive support to capacity development in entities related to the National Systemic Competitiveness Plan beginning to take place. Improvements in the overall conditions of trade do not compensate for inherent weaknesses in competitiveness. Fiscal policy and trade conditions and regulation are evolving (improving the overall business climate) and this is perceived as improving innovation and productivity, but there is much room for improvement. External trade policy being one main driver and benchmarking, regional integration benefits are tackled now from the EPA perspective. The ambitious competitiveness agenda still in its planning stage does not have a clear capacity development implementation strategy towards selected clusters and its related entities.

Source: Summary of evaluations report, CLE 2011

In **China** although there were still needs in the area of policy formulation, technical assistance has substantially improved the trade policy framework. What was still needed is help in administering, implementing and enforcing these rules. TRA has contributed to enhanced enabling environment, namely in the area of Intellectual Property Rights. The EU-China Project

on the Protection of Intellectual Property Rights 11 (IPR 11) has allowed SMEs to better understand the significance of issues relating to e.g. industrial design and infringement risks. Overall, these and other contributions were made in a changing context where IPR enforcement were discussed constructively rather than perceived negatively. Within the same project, activities focusing on the identification of unfair business practices and GIs were expected to be paving the way for more substantial legal improvements. Technical capacity of Chinese IPR stakeholders has been given support in IPR enforcement, IP policy drafting and implementation and criminal, civil and administrative enforcement. As evidenced by the IPR programme, the EU is gradually replacing policy formulation activities with policy implementation inputs. Not all policy implementation problems have to do with low awareness and lack of capacity. Some merely reflect lack of political will; these problems can be dealt with only through policy dialogue. But sometimes even when the political will is there, governance problems such as lack of transparency, unwieldy procedures inherited from the past, and bad governance – at the extreme, and corruption – impede implementation.

Source: ROM report IPR no 2

ENP East (former TACIS) interventions have contributed to developing the platform for transition to a market economy mainly by helping to create the appropriate enabling environments. In this area, TACIS has tended to be more effective at a policy level and at larger scale capacity development programmes. There are indications that a more strategic view is required with respect to support to this sector in particular the private sector at the more operational level relating to the broad spectrum of support structures. In other words: (former) TACIS has contributed significantly to enhancing the capacity of government institutions, which in some cases has manifested itself in progress towards reaching international agreements such as the WTO and to enable governments to address key areas of PCA implementation. TACIS support in this sector appears to have been more successful in relation to policy advice or large scale capacity development programmes, rather than for example more “on the ground” SME development initiatives that require long-term commitments.

Source: Evaluation of Council Regulation 99/ 2000 (TACIS) and its Implementation

In **Vietnam**, EU's TRA has contributed to awareness rising related to an improved regulatory framework in the agricultural and agro-food sector according to WTO standards. In Vietnam, the activities related to agriculture under the project MUTRAP II helped to increase awareness and knowledge on Vietnam's obligation and commitment under the WTO Agricultural commitment, especially concerning Vietnam's rights and obligations in relation to labelling, traceability, rules of origin and geographical indication and related to the benefits, rules, procedures, best practices and negotiating techniques in relation to equivalency and mutual recognition agreements in the agricultural and agro-foods industry. The project also facilitated the implementation of GATS obligations and commitments undertaken in the framework of WTO accession, including assisting Ministry of Justice and relevant Ministries to scrutinise relevant national legislation/regulation against GATS obligations and commitments. EU support was also provided to Vietnam to address requirements from the regional level (ASEAN), and Vietnam profited in particular from the Standards programme and ECAP. The final evaluation of the EU-ASEAN Economic Cooperation Programme on Standards, Quality and Conformity Assessment, reports the Vietnam component as one of the most successful of the project. According to the CSE, in Vietnam's food sector, the common ASEAN requirements were developed on food safety, food hygiene and labelling. In the cosmetics sector, the ASEAN Directive was explained and assistance given for its implementation. In the pharmaceutical sector, the ASEAN Technical Common Dossier (ACTD) was adopted. In the EET sector, the ASEAN common regulatory regime was adopted. The food sector benefited from the programme support especially in the fisheries sector. Furthermore, a Vietnamese laboratory was selected as reference laboratory for the ASEAN region. Overall, the evaluation concluded that the standards programme was in line with the objectives of ASEAN economic cooperation and to in-country needs. Improving trade environment had a significant impact.

Source: Final evaluation of the Commission-ASEAN Economic Cooperation Programme on Standards, Quality and Conformity Assessment; Country Level Evaluation,

In **Paraguay**, TRA contributed to the design of a national strategy plan to enhance the enabling environment, increase national competitiveness and to the establishment of regional organisations for the promotion of a competitiveness strategy. This

activity was undertaken under the project „Fortalecimiento de la Competitividad del Sector Exportador Paraguayo” (FOCOSEP).

Source: Mid-term Evaluation, FOCOSEP 2008.

In **Burkina Faso**, the creation of trade courts in 2009 with the support of TRA was positive, but the business legal framework still needs to be improved

Source: Country Level Evaluation, 2010

8.4.4 I 8.4.4 Evidence of trade-oriented clusters, value chains or sectors (e.g. in agriculture, fisheries & forestry) being strengthened

Overall, EU's TRA has contributed to the strengthening of trade-oriented sectors, value chains and clusters, but with varying degree of focus and success. In the majority of cases, such as in Egypt, Ghana, Cote d'Ivoire and Bangladesh, TRA support seems having been applied for traditional agricultural and productive sectors, such as the textile and garments sector as confirmed by the analysis of supported sectors from the sample assessed for the purpose of this evaluation.

TRA has successfully embarked on a cluster approach to support economic diversification, such as in Uruguay and Namibia (related to trade in services), but to a substantially lesser extent. In a limited number of cases, concepts and good practices of cluster development from within the EU have found entry into TRA programming in third countries, such as in Paraguay, where a software cluster has been sustainably established.

CSP/RSP Analysis: In CSPs/RSPs, the term “cluster” as specific approach to TRA delivery does not appear in the CSP/RSP analysis undertaken for this evaluation nor have explicit references to the cluster concept been found in planning documents for specific TRA programmes for the period under review. However, there this term might be simply too specific, it could also be the case that the cluster approach had been subsumed under the term sector support so that a definite answer to the question to what extent cluster support has been envisaged cannot be provided.

Source: RSP/CSP analysis

In **Egypt**, the support directly targeted to a specific export sector has been the spinning and weaving sector programme, which had the objective of restructuring and modernisation of the sector with a view to regain competitiveness. However, this was only partially achieved as exports continued to fall (which some partial rebounds). EU's TRA was, however, successful in cushioning the social and political impact of the needed restructuring which entailed substantial redundancies. This made a few enterprises more economically attractive for privatisation, although political issues at times hindered this. A real impact was diluted due to deteriorating sectorial and general economic framework conditions.

While the principal Objective [of Component B] of the Spinning and Weaving Sector Support Programme (SWSSP), to create conditions in which a strengthened national SW Sector would be able to compete globally, was ambitious but consistent with government's official policy, the attainment of its objectives was to some extent been undermined. Moreover, a full comprehensive impact' became increasingly impossible to be achieved during the period of the SWSSP, principally due to greater global SW competition following changes to WTO's multi-fiber agreement in 2005⁴⁸ and the strong emergence of Chinese and other Asian producers, latterly coinciding with the global credit crunch. Export promotion activities under TRA, which did studies for forum export councils, was useful for at least one of them (food) and helped increase competitiveness and open market access.

Source: country fiche, field mission

Ghana is an example where the value chain approach was followed with success under sector-oriented TRA (support to cocoa sector). The Private Sector and Trade Enabling Programme (PSTEP) did not take an effective value chain approach for selected products with potential for export (ROM 2010). The COLE ACP also worked primarily directly with producers, exporters and their associations and this ensured improved quality of the

⁴⁸ End of the Multi-Fiber Agreement (MFA).

products and better farm management techniques. This improved incomes and market access. The associations involved are internalising and disseminating some of these improved methods which contribute to an improved environment for horticultural producers and exporters. The Cocoa Sector Support Programme targeted and strengthened the cocoa sector. Its focus was on improved sustainability of cocoa production by engaging all stakeholders of the cocoa chain (MTE, p 15) – *also cf. Indicator 8.4.1.*

Source: country fiche, field mission

In Bangladesh, there is also evidence for the strengthening of value chains and sectors. Supply chain origin traceability of fish (supported by BEST) has been effective; this is now being computerised for confirmed fast tracking of identification at farm level growers and factory level processors. Compliance satisfaction of the importing countries is evident in the waiver of 20% mandatory sample testing of shipment on the importing country border.

Source: field mission

In Cote d'Ivoire, TRA has clearly contributed to the strengthening of export-oriented value chains in specific sectors. A less targeted support would have required a more stable political and economic environment which throughout the evaluation period was not possible in Cote d'Ivoire. Therefore, the chosen approach seemed to be appropriate for Cote d'Ivoire. Towards the end of the evaluation period and motivated by the EPA agreement, TRA embarked on a broader less targeted support taking into consideration the need for a broader economic basis. The outcome of such approach could not be assessed yet.

Source: field mission

For **MERCOSUR**, in general the objective of TRA has been achieved, although some sectors failed to get organised into meaningful clusters, which subsequently have not continued to operate after the end of the project.

Source: field mission

In Uruguay, TRA made some contribution to increase competitiveness of clusters and enterprises, although attribution to EUs interventions is difficult (favourable development can also largely be attributed to a positive economic environment) and large parts of support was provided under broader private sector development support. With EU's support, the concept of cluster development was actually introduced and successfully launched (in parallel, LADB was also embarking on the cluster approach). It brought an innovative approach to the country. Moreover, sustainability was apparently ensured through the "absorption" of EU's support through a ministry. PACPYMES was followed up through the Ministry of Industry. The PACPYMES project has increased competitiveness in some sectors, but it was at the cluster and individual enterprise level and only a part of these were in the export sector. In addition, some sectors supported such as the forestry and tourism clusters were already flourishing due to high demand, therefore the increase in competitiveness attributable to EU TRA is difficult to determine. The seven clusters supported by the PACPYMES project were fruit of the project itself, i.e. they did not exist under that denomination before the project. Out of the 7 clusters, at least 3 are still operational, with perhaps the strongest cluster remaining being the naval cluster, which has after the project ended continued to work and produce barges for the transport of grains and wood. Also the "life sciences" cluster has continued and is now being supported by the AECID Spanish cooperation office. The cluster/sector approach was financed by the PACPYMES programme, whilst broader support was provided through the AL Invest programme. The latter tended to only target companies which were already quite developed, therefore obtaining more "impact" per Euro spent. The cluster programme involved smaller and less organised companies, which required this type of support to grow. Hence the support was quite well pitched in both cases.

Source: field mission

In Paraguay, TRA partially followed the cluster approach in a few selected sectors, such as cassava and starch, poultry and software. Results were very positive in particular for the software sector. The Project "Proyecto de Fortalecimiento de la Competitividad del Sector Exportador Paraguayo" (FOCOSEP) was effective in varying degrees following both the cluster/ value chain approach but also a broader approach not specifically addressing clusters/ value chains. The impact of TRA on the cluster development of the software industry is noteworthy. The sector is characterized by continuous growth since the completion of the project, already attracting foreign investment and integrated into international markets. (Mid-term evaluation of FOCOSEP, 2008, p.34)

Source: country fiche / Mid-term evaluation of FOCOSEP, 2008

In **Burkina Faso**, TRA of the EU lacked from the design stage of a vertical sector approach and its result suffered from too narrow focus on the “exports end” of the value chain leaving aside the importance of upgrading entire value chains.

Source: Country Level Evaluation, 2010

In the **Dominican Republic**, TRA did not focus on the value chain approach. It was provided to 36 pre-identified sectors on a demand-driven basis – also cf. Indicator 8.4.1

Source: Source: Country Level Evaluation, 2011

9 EQ 9 on addressing poverty

Evaluation Question 9: To what extent has the Commission's TRA mainstreamed poverty reduction in TRA design and implementation?

9.1 JC 9.1: Commission TRA analysed and targeted key poverty issues (and the gender implications) during design

9.1.1 I 9.1.1 Main employment aspects (gender) analysed and addressed in the design of TRA support

The general finding is while employment aspects with regards to gender are at least briefly addressed in a large percentage of TRA interventions, they have not been *systematically analysed*. While some evidence for the considerations of employment aspects could be found in all countries (except Uruguay) and regional organisations, the overall picture is nevertheless ambivalent and differs markedly from country to country.

Overall the Commission has included employment aspects and particularly gender issues in the design of many TRA projects but there is no systematic approach to analysis.

In **Bangladesh**, the respective Small Project Facilities (SPF) funded, *inter alia*, projects in support of the two countries' export sectors with a particular emphasis on the strengthening of pro-poor growth and employment generation for women.

(Furthermore, in Bangladesh, the Bangladesh Quality Support Programme (BQSP) had the objective of employment generation through the attraction of FDI while the Better Work and Standards Programme (BEST) specifically targeted the employment of women and aimed at contributing to their advancement into higher levels of management.

Source: country fiche, field mission (EU- Bangladesh Small project Facility - ASIE/2003/005-641 TAP – May 2003; Bangladesh Quality Support Programme (Post-MFA)- ASIE/2004/016-809 TAP – August 2005 p. 5; Trade Policy Support Programme – DCI-ASIE/2008/019-619 TAP – September 2009, p. 4; Better Work and Standards Programme (BEST) - DCI-ASIE/2008/19620; TAP – December 2009 p. 12; Bangladesh Trade Support Programme (Post Cancun)- ASIE/2003/005-823 MTR – May 2008)

A similar picture emerges in **Vietnam**: *In MUTRAP III some efforts have been undertaken to address gender concerns, e.g. via seminars on opportunity and challenges for female employees and officials in the industry and trade sector.* The ROM monitoring also shows that 41% of participants in project activities had been women, furthermore: "Many women, particularly belonging to the younger well educated generation, are notoriously active in trade-related activities. The three grant projects visited by the monitor were all headed by capable and dynamic women" (ROM no 2). However, the ROM monitor also noted, that there has not been an explicit gender focus during the preparation and implementation of MUTRAP III's activities

Source: country fiche (Mid-term review of MUTRAP III)

In **Cameroon**, major trade-related interventions – ATF 2007 and Programme d'Appui au Plan de Modernisation des Douanes (PAPMOD) – outline the prominent attention that gender issues were given in the project designs.

The ATF 2007 has had success in supporting the three major banana producers and thereby supporting their 11.500 employees. A high rate of women are working on the plantations, revenues from the plantations also benefit the women. In the PAPMOD, 20% of employees in customs are women, and in the final beneficiaries in the private sector a large number of entrepreneurs are women, benefitting from the programme.

Source: Cameroun ATF 2007- BAN/2007/019-434 TAP – December 2008, p. 5; Programme d'Appui au Plan de Modernisation des Douanes (PAPMOD) - FED/2009/021-375 Fiche d'identification – March 2009 ; field mission

In **Ghana**, the PSTEP made passing reference to especially micro and small enterprises being in the informal sector which limited their implemented expansion potential (FA p. 4).

Probably the implicit assumption was that improvements in business environment would encourage more formalisation and hence expand employment. However this was not analysed to any significant extent. Gender was not reflected upon.

The CSSP had no employment focus (beyond reducing child labour) initially and very limited on gender, but the objective was to increase incomes of smallholders. The TRAQUE has also a very brief standard clause on gender, stating that the “benefits of trade will need to be shared between men and women”(FED/2006/018-609 - Private Sector and Trade Enabling Programme (PSTEP) Financing Agreement; ROM 2010.) The project management of the Ghana Cocoa Sector Support Programme - Phase I put a high priority on the inclusion of cocoa farming women into the project's beneficiary group.

Source: country fiche, Ghana Cocoa Sector Support Programme - Phase II, Background Conclusion Sheet ROM 2009., field mission

In **Egypt**, only the Spinning and Weaving project had a clear and robust focus on employment aspects with a whole component being designed exclusively to deal with part of the redundant labour that came with the privatisation and closures of inefficient and overstuffed state-owned weaving and spinning factories.

No other programmes had an explicit employment analysis. Gender equality principles were mentioned in the design of the RDI project but was not considered as a core element nor monitored consistently. Some gender disaggregated information was available in the Spinning and Weaving project.

Source: country fiche, field mission

In **Côte d’Ivoire**, main employment aspects were addressed in TRA design at individual project but not at a more cross-cutting level. Evidence for a more systematic analysis and attempt to quantify effects prior to project inception could not be found.

In the framework of the Commission support to the banana sector, one of the components includes the alignment to social and environmental norms in order to improve living standards in the plantations.

Source: country fiche, field mission

In **Zambia**, which has a policy on gender equality, gender aspects were analysed in the FA of the Export Development Programme (EDP) but no specific gender objectives were integrated in the actual project design. (Export Development Programme - FED/1999/014-668 FA, FA Annex B.) No specific gender objectives were embedded in the design of EDP II either. “Neither the FA nor the contract has requested the programme management to weave any aspects of gender into programme implementation or monitoring.”(MTR, p. viii).

Source: country fiche

Gender equality is generally considered a crosscutting issue in the design of TRA interventions towards regional organisations, including **COMESA and ASEAN**; programme objectives ensured that gender concerns were taken into consideration. Private sector organisations such as FEMCOM in the case of COMESA have specifically addressed the role of gender in regional integration and trade. Also, gender and poverty reduction have been furthered by EU support to informal Cross Border Trade (ICBT) and the trading for peace initiative. These have established a small traders regime to facilitate the movement of small traders, who are disproportionately women and poor (<http://cbtcomesa.com/>).

Source: country fiche (Action Fiche of RISP 2, Regional Integration Support Programme 2 (RISP2) - FED/2009/021-716, p. 4), field mission

In **MEDA**, while most programmes delivered their expected outputs with substantial advantages for the direct beneficiaries, gender factors were not explicitly part of the design. Gender issues were recognised as critical per se and key to sustainable economic and social development in most strategy and programming documents, but have not been the object of in-depth analysis. Gender as a cross-cutting issue was generally not addressed under

MEDA II. The same applies to poverty reduction in general. MEDA II interventions focused on economic reforms and on strengthening institutions rather than targeted populations.

Source: summary of evaluations report

In **Uruguay**, no TRA programmes had an explicit employment analysis. Gender equality principles were not considered as a core element nor monitored consistently.

Source: field mission

9.1.2 I 9.1.2 Socio-economic aspects analysed and addressed in design of TRA support

The following table shows that only four CSP/RSP papers (of the first programming cycle) out of 27 explicitly address poverty within the context of TRA. This number increased to 9 in the second programming period (2007 – 2013), including the sample countries/ROs, Bangladesh, Egypt and ASEAN. This shows that the mainstreaming of poverty reduction in most sectors of support, in particular trade, fisheries and other natural resources, human resource development and private sector development, is only addressed in a minority of CSPs and RSPs.

Overall, there is evidence for the consideration of a broad range of socio-economic issues in the design of TRA interventions in almost all countries and regional organisations. However, the detail of such consideration varies. Generally, socio-economic factors of TRA are mainly considered in the project and programme designs of the interventions targeted at the less developed countries. There is no logical explanation in Commission strategic documents for the fact that socio-economic aspects do not get prominent, if any, attention in the middle income countries of the sample. While poverty is less of an issue in Paraguay, Ukraine and Egypt than, for instance, Bangladesh, Vietnam or Ghana, gender issues and other socio-economic effects of TRA are relevant across the country sample.

Table 27 CSP/RSP addressing poverty explicitly

Country / RO	CSP/RSP I	CSP/RSP II
Bangladesh	No	Yes
Burkina Faso	No	No
Cambodia	Yes	Yes (also employment issues)
Cameroon	No	No
China	No	No
Côte d'Ivoire	No	No
Dominica	Yes	Yes
Egypt	No	Yes
El Salvador	No	Yes
Ghana	No	No
Guyana	No	No
India	Yes	No
Jordan	Yes	Yes
Mozambique	No	No
Paraguay	No	No
Russian Federation	No	No
Senegal	No	Yes
South Africa	No	No

Tanzania	No	No
Tunisia	No	No
Ukraine	No	No
Vietnam	No	No
Zambia	No	No
ASEAN	No	Yes
CARIFORUM	No	Yes
COMESA	No	No
UEMOA	No	No

Source: CSP/RSP analysis

While the link between trade and poverty is not systematically addressed and analysed in the CSP/RSP, the designs of almost all individual TRA interventions elaborate on socio economic aspects of TRA in more and sometimes substantial detail.

In **Ghana**, *poverty aspects feature most prominently in the CSSP which is obvious due to its strong focus on raising living standards on smallholders.*

Here there is a reasonably linking of the project activities, outputs and impact and the socio-economic analysis.

Such linking is absent in the PSTEPs analysis, which is purely descriptive at the macro level, without an analysis of how the programme will impact on these. Obviously in such a budget support programme it is also more difficult to establish such linkages between very macro level interventions and concrete changes in peoples living conditions. The TRAQUE project had no socio-economic analysis in the design.

Source: field mission

In **Egypt**, *the Spinning and Weaving included additional elements than pure employment analysis.*

Thus it addressed and monitored income levels after the lay-offs and offered individual counselling to workers. In general the programme was successful in this but could only reach a very small share of the workers affected by redundancies in the sector (Final Evaluation of Spinning and Weaving, 2009.)

Source: country fiche, field mission

In **Bangladesh**, *“the SPF programme has been immensely popular in Bangladesh and many of the projects have reached good results, with a positive effect on poverty alleviation especially when micro and small business have been involved”* (EAMR 2007, p. 7)

There is a generally question, though, as to what extent SPF should be considered TRA related. The SPF programme covered a broad range of projects of which many did not have a trade focus. Generally, however, it seems justified to take clearly TRA-related SPF projects, such as the ones in Bangladesh, into the equation.

Source: country fiche

In **China**, *during the preparation of the project Support to China's Sustainable Trade and Investment System many questions were raised regarding poverty alleviation impacts of the project.* The Financial Agreement reflects issues related to poverty reduction in specific geographical areas that have been taken into account (EAMR report of July 2010).

Source: country fiche

Among the regional organisations, support for ASEAN has the most comprehensive approach to poverty reduction albeit mainly in indirect ways.

The Evaluation of Commission co-operation with ASEAN states that “To say that the Commission programme was explicitly designed and targeted so as to achieve the reduction of [poverty] would be interpreting the evidence rather generously. However, by complementing bilateral assistance and promoting economic growth through regional integration, the ASEAN-level programmes contribute to poverty reduction.” At the same time, however, ASEAN-level interventions do not explicitly target the needs of those ASEAN members (Cambodia, Myanmar, Laos, Cambodia) placed at greatest disadvantage under conditions of economic opening; and “Programming documents do not establish explicit links between Commission support at the ASEAN level and poverty reduction.” (Evaluation of Commission co-operation with ASEAN June 2009, Vol. 1, p. 36 (22)).

Furthermore, impacts of economic integration on poverty reduction are not directly addressed by Commission strategic documents on ASEAN; the CSP 2002-2006 and 2007-2013 hint at this aspect, however without providing analytical detail. Yet, overall, the ASEAN-regional programme is designed to be complementary to bilateral assistance, which is closely tied to poverty reduction, and aims is to support ASEAN integration, “which should reduce poverty by accelerating economic growth across the region.” (Evaluation of Commission co-operation with ASEAN June 2009, Vol. 1, p. 8 (v)).

Source: country fiche, CSP/RSP analysis

When other socio-economic aspects of TRA in Commission strategic documents are looked at, only the CSP/RSP for South Africa, CARIFORUM and COMESA address the full spectrum of three central subject matters: HIV/Aids, Gender and Environment.

Table 28 - CSP/RSP mentioning HIV/Aids, Gender or environmental issues regarding TRA

Country / RO	CSP/RSP I			CSP/RSP II		
	HIV/Aids	Gender	Environ-ment	HIV/Aids	Gender	Environment
<i>Cross-cutting issue</i>						
Bangladesh					x	x
Burkina Faso						
Cambodia		X	X		X	X
Cameroon					x	
China						
Côte d'Ivoire						
Dominica					x	
Egypt						x
El Salvador				X	x	x
Ghana				X	x	x
Guyana						
India	X	X	X			
Jordan						
Mozambique						
Paraguay					x	x
Russian Federation				X	x	x
Senegal						x

Country / RO	CSP/RSP I			CSP/RSP II		
South Africa	X	X	X	X	x	x
Tanzania						x
Tunisia						
Ukraine					x	x
Vietnam						
Zambia						
ASEAN						x
CARIFORUM	X	X	X	X	x	x
COMESA	X	X	X	X	x	x
UEMOA			X			

Source: CSP/RSP analysis

The most detailed considerations of socio-economic factors are found in the documentation on Vietnam and Bangladesh.

In **Vietnam**, this is particularly the case for MUTRAP II. The social and economic impact assessment studies carried out (as part of the activity aimed at increasing key imports-exports and regulatory changes resulting from Vietnam's WTO membership) were designed to raise awareness of the interrelationship between trade policy and social and economic development, poverty reduction, environmental constraints and gender equality. (Intervention MUTRAP II - Multilateral Trade Assistance Project, Final Evaluation, P. 37.)

Source: country fiche

In **Bangladesh** the TPA of the SPF considered various socio-economic aspects, such as the involvement of women and persons with disabilities, corporate social responsibility, and labour standards. The SPF-Monitoring Report states that the programme is a good response to the social and economic challenges caused by intensified international competition and that the programme is also taking into account social issues (e.g. gender). However, the MR in 2007 finds that the outreach to female beneficiaries was limited. The MTR of the BTSP concludes that linkages with cross-cutting issues were rather weak but some environmental aspects were considered in the planning documents.

The BQSP considered the situation of specifically vulnerable groups such as the shrimp fry collector families (Status Report). During the project appraisal a specific gender impact analysis has been conducted and on that basis the WID component was developed in order to ensure positive benefits for women.

Source: country fiche (EU- Bangladesh Small project Facility - ASIE/2003/005-641 TAP – May 2003; Monitoring report – November 2005, Monitoring Report – October 2007)

In **Cameroon**, as stated in the TAP of the ATF 2007, improvements in infrastructure (transport, production, quality, sanitary etc.) were designed as a contribution to ensure good and safe working conditions, environmentally safe production, prevention of accidents and other threats to workers' health etc. Thus, the programme was expected to outweigh the possibly negative effects of increased production. The PACICC programme perfectly matches the needs of small producers whose productivity and competitiveness need to be improved. The PACICC specifically included gender aspects in the programme design since women play an important role in professional associations and both agriculture and commercialisation of coffee and cocoa. In coherence with the plan to modernise the customs system, the PAPMOD directly addresses the issue of corruption.

Source: field mission (Cameroon ATF 2007 - BAN/2007/019-434 TAP - December 2008, p. 5.)

In the case of **China**, according to the ROM reports on Intervention Support to China's Sustainable Trade and Investment System, *some cross-cutting issues, such as environment and governance, had been integrated due to the close association with the issues tackled with during the project.* However, aspects that were seen as not directly relevant to the topics covered by the project (especially gender) had not been incorporated.

Source: country fiche

In **Ghana**, socio-economic aspects are analysed in the FA of PSTEP, while no such evidence is available for interventions in Zambia. The ROM 2009 of CapBuild elaborates particularly on the gender aspect and concludes that CapBuild "has not been planned on the basis of gender-differentiated analysis. Project results are expected to be gender neutral. Therefore, no obvious gender positive results are expected (Capacity Building for Private Sector Development - FED/2004/016-972, Background Conclusion Sheet ROM 2009).

Source: country fiche

9.1.3 I 9.1.3 Incorporation of opportunities for Fair Trade initiatives in TRA programmes

As Table 29 indicates, Fair Trade initiatives or similar certificates have not been of much significance during the assessment period as far as Commission strategy is concerned.

Table 29– CSP/RSP mentioning opportunities for Fair Trade initiatives or similar certificates

Country / RO	CSP/RSP I	CSP/RSP II
Bangladesh	Yes, "eco-labelling"	No
Burkina Faso	No	No
Cambodia	No	No
Cameroon	No	Yes
China	No	No
Côte d'Ivoire	No	No
Dominica	Yes	Yes
Egypt	No	No
El Salvador	No	No
Ghana	No	No
Guyana	Yes, "eco-tourism"	No
India	No	Yes
Jordan	No	No
Mozambique	No	No
Paraguay	Yes, "eco-tourism"	No
Russian Federation	No	No
Senegal	No	No
South Africa	No	No
Tanzania	No	No
Tunisia	No	No
Ukraine	No	No

Vietnam	No	No
Zambia	No	No
ASEAN	No	No
CARIFORUM	No	No
COMESA	No	No
UEMOA	No	No

In **Ghana**, fair trade was not considered in the design of CSSP but it became an issue during implementation after the MTR recommended such focus. The main intention was to attract a higher premium from certification schemes including fair trade and organic schemes. However this should arguably have been more thoroughly analysed at design stage and included if a cost-benefit analysis was positive. The CSSP only managed to expose farmers to fair trade certification schemes, but did not test to evaluate the profitability of the schemes. a Private Sector Development project inter alia focussed on fair trade. Another project, West Africa Fair Fruit (WAFF), focussed on pro poor production and export of fair trade and organic fruits from Ghana and **Burkina Faso**.

Source: field mission

No evidence for fair trade initiatives was found in any other countries or regional organisation. **Some European agencies, such as GIZ, have recently ventured into this area and the Commission made a modest start on “eco-labelling”, mainly within the framework of the SPF in Southeast 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).**

9.2 JC 9.2: Commission TRA monitored and documented poverty aspects of TRA during implementation and their gender implications

9.2.1 I 9.2.1 Poverty and gender issues consistently addressed in M&E of TRA support

The indicators under JC 9.1. have already given some proof of the inclusion of poverty and gender issues in monitoring and evaluation, mainly in the form of soft evidence. However, there was no consistent and systematic approach to M&E on poverty and gender-related indicators. This should have been done more systematically which, however, is also a cost issue. At the same time, the insufficient monitoring of poverty reduction impacts is a general problem that does not only apply to the EU. As Martin Ravallion has pointed out in a comprehensive analysis of the challenges of impact evaluation, “We underinvest in some of the most important tools for enhancing development effectiveness. Weak incentives facing key decision-makers—stemming from knowledge externalities, asymmetric information, and noncompetitive features of the market for knowledge—entail that too few rigorous impact evaluations of development interventions get done.”⁴⁹

Comprehensive approaches to M&E on poverty, such as the Poverty Social Impact Analysis (PSIA—which was initiated in 2010 by the governments’ of Germany, the Netherlands, Norway, Switzerland and the United Kingdom for the use throughout all World Bank operations - ⁵⁰ exist and could be used for the benefit of major EU interventions as well.

⁴⁹ Martin Ravallion. Evaluation in the Practice of Development, *The World Bank Research Observer*, vol. 24, no. 1 (February 2009), p. 49, http://siteresources.worldbank.org/INT/PSIA/Resources/490023-1171551075650/Evaluation_in_the_practice_of_development_WBRO.pdf

⁵⁰ See <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXT/PSIA/0,,contentMDK:20415258~pagePK:210058~piPK:210062~theSitePK:490130,00.html>

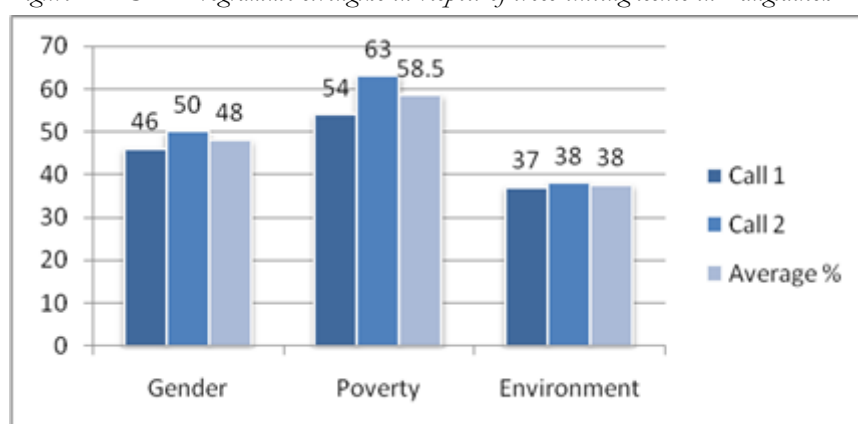
Overall, as e.g. the SADC evaluation found, although Commission support is increasingly poverty oriented, little actual impact on poverty alleviation could be documented. In a similar vein, the TradeCom evaluation stressed that there is no clear linkage between the programme purpose and the overall objective (growth and poverty reduction) and that such a correlation is premature and difficult to substantiate. This applies to the majority of interventions.

Some evidence could be found for **Bangladesh** where, according to the EUD, *the monitoring of poverty issues happens as project specific approach, focusing on rather narrow indicators.*

Poverty and gender issues – as cross cutting issues - were prominently addresses by SPF projects. According to the SPF ex post evaluation, “In respect of cross cutting issues, poverty has received most positive attention, attaining 60% of the possible score. Gender attains about 50% of the possible score. Most projects were neutral with respect to the environment and the average score below 40% indicates that projects are at least not damaging to the environment.” (Ex Post Evaluation of the EU-Bangladesh Small Project Facility (SPF) 2005 – 2009)

Source: country fiche, field mission

Figure 42 - SPF Programme strengths in respect of cross-cutting issues in Bangladesh



Source: Ex Post Evaluation of the EU-Bangladesh Small Project Facility (SPF) 2005 – 2009

In **Côte d’Ivoire**, *poverty and gender issues were consistently addressed at individual project level in the area of trade development focusing on sector support.* However, they were hardly addressed in TRA in the area of trade policy and regulation.

Source: field mission

In **Cameroon**, *poverty reduction is being addressed comprehensively but has yet to show concrete results other than in the banana sector, where certification of private standards ensures consistent monitoring, however this affects a relatively small section of the population.*

Source: field mission

In **Ghana**, *only the CSSP did some monitoring of gender, whereas poverty issues were not systematically monitored.* Given that CSSP aimed to increase cocoa incomes by 25% (and overall incomes by 20%) it is disappointing that no efforts were made to track this key issue in ROM, MTR or evaluations. This also reduced the knowledge available on potential poverty impact.

Source: field mission

In **Egypt**, *employment aspects were monitoring closely in the Spinning and weaving project with tracer studies of the labour pool workers being made.* These workers were not poor in terms of being below the Egyptian poverty line, but obviously faced the prospects of sinking below the line, should they fail to find alternative incomes. Most did find alternative incomes and the component was thus in a sense poverty prevention in its focus. None of the Egyptian programmes monitored gender in any consistent manner, but the Spinning and weaving project could produce gender disaggregated data on workers made redundant and benefiting from EU

TRA. Despite recommendations on adopting a more direct focus on poverty aspects (TEP A mid-term evaluation) none of the TEP programmes did so.

Source: field mission

In **Uruguay**, none of the programmes monitored gender nor poverty reduction in any consistent manner, nor did they produce gender disaggregated data on participation in programme activities. Recommendations from monitoring reports do not make a sufficiently strong for the need for focusing on these issues.

Source: field mission

In **Zambia**, poverty was mainly addressed indirectly through surveys on impact on employment. We did find instances where small grants explicitly addressed gender – for example the grant to the *Zambian Honey Council*.

Source: field mission

As the case of **El Salvador** shows, *it is difficult to assess the Commission contribution to poverty, employment and gender issues due to the absence of internal monitoring tools*. This situation is symptomatic for many interventions at the country and regional level – as similar findings in several other documents suggest. The following specific example is given: “Indicators, defined at design stage so as to assess the contribution of FOMYPE to the socio-economic development of the country (e.g. the contribution of MSMEs to GDP and to regional and extra-regional trade), have not been monitored during implementation. Consequently, there is a lack of statistical data which explains why the final evaluation could not assess to what extent MSMEs which benefited from FOMYPE have contributed to economic growth and employment in El Salvador.” (Evaluación de la Cooperación de la Comisión Europea con El Salvador, Volúmen 1, Marzo 2010).

Source: summary of evaluations report

This also confirmed for **ASEAN**: “Commission regional programmes with a specific focus on integration discuss poverty as part of the respective context/background sections but explicit indicators related to poverty do not usually find their way into monitoring.” (Evaluation of Commission co-operation with ASEAN June 2009, p. 37 (23)). However, this would not be entirely feasible given the difficulties in directly attributing poverty reduction to the deepening of regional economic integration.

Source: country fiche

Likewise in the case of gender-issue as part of the cooperation programme with **COMESA**, it is outlined that “Gender mainstreaming activities (i.e. cross border commerce) are in line with the COMESA Gender Strategic Action Plan will be undertaken under the RISP”. However, no indication is given as to how the implementation will be monitored. (Evaluation of Commission co-operation with ASEAN June 2009, p. 37 (23)).

Source: country fiche

9.2.2 I 9.2.2 Evidence of interventions being adjusted to optimise effect on poverty reduction

There is generally only rudimentary evidence for the adjustments of interventions to optimise the effect on poverty reduction.

Overall, the available evidence for some adjustments in a small number of projects or project components is insufficient to conclude that Commission’s TRA has been systematically optimised with the view of increasing the effectiveness on poverty reduction.

In **Ghana**, *no adjustment was made in the PSTEP despite the clear need for better indicators and dialogue*. However the GoG/ MoTI also proved less than enthusiastic in adjusting the programme and reinvigorating the dialogue. The CSSP did adjust approaches that could impact on its (still undocumented) poverty reduction outcomes; most notably in engaging with certification agencies with a view to obtaining higher prices that would translate into higher incomes.

Again, for PSTEP the implicit assumption has been that increased trade will lead to better poverty reduction outcomes, but no direct evidence of this materialising has been produced. The ROM 2010 of the PSTEP hints at a lack of appropriate adjustments: “The Private Sector Development Programme (the PSTEP umbrella programme) seems limited to the ambition of promoting initiatives that could create jobs and enhance livelihoods for the rural and urban poor, or attempted to do so through existing broad macro/investment climate reforms but these were not complemented by production/market development initiatives which are crucial to ensure overall change and impact on private sector”. (FED/2006/018-609 - Private Sector and Trade Enabling Programme (PSTEP) Background Conclusion Sheet ROM 2010).

Source: country fiche, field mission

In **Egypt**, *with sharply deteriorating conditions for the spinning and weaving sector in the last year of the programme more efforts were being placed on the social component which was obviously appropriate*. Again the programme could only reach a small fraction of the affected workers but those it did, benefitted and had better chances of avoiding poverty.

Otherwise there are no indications of interventions being adjusted to optimise effect on poverty reduction. This despite the mid-term evaluation actually recommending that poverty reduction requirements should be reflected by TEP-A activities. Similarly the final evaluation of TEP A also lamented the absence of poverty analysis in the programme and recommended it being incorporated into future ones (which it hasn't).

Again the implicit assumption has been that increased trade will lead to better poverty reduction outcomes, but no direct evidence of this materialising has been produced.

Source: field mission

In **Uruguay**, *there are no indications of interventions being adjusted to optimise effect on poverty reduction, nor was this highlighted in monitoring reports*. Again the implicit assumption has been that increased trade will lead to better poverty reduction outcomes, but no direct evidence of this materialising has been produced.

Source: field mission

In **Bangladesh**, *in BQSP, there were specific designs of trainings to reach women*, such as making training only available for couples so that female workers would actually also be sent to the training but the men would see that the new techniques of the women are good and appropriate.

Source: field mission

In **Zambia**, *poverty has not been addressed directly or systematically –in part because of the interpretation of demand*.

However, interventions have evolved to broaden beneficiaries eligible for assistance, somewhat to the costs of the impact of the programmes – for example widening the export finance scheme led to a significant reduction in loan repayments and eventually to the reintroduction of collateral requirements. Grants schemes also called for proposals addressing gender and environment, but these issues were not scored in the evaluation of the proposals.

Source: field mission

In **Cameroon**, *the support to professional organisations in the agricultural sector (PACICC) is confirmed as a suitable means to contribute to poverty reduction*.

Source: country fiche, field mission

However, just as poverty and the theme of “winners and losers” have not been well integrated into economic and social reform projects, the same can be said for trade projects. For example, the issue of poor IPR enforcement cannot be separated from the impact that enforcement would have on employment in many provinces and municipalities.

Such a conclusion was drawn, for instance in the case of **China**. *The CSE 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. (Intervention Support to China's Sustainable Trade and Investment System, DCI-ASIE/2009/020-127

Financing Agreement: Annex Technical and Administrative Provision, p. 5.)

Source: country fiche

In Egypt *The MTE of the Egypt Trade Enhancement Programme A (TEP A) of 2006 came to a similar conclusion and recommended: “A clear trade development policy, covering also poverty reduction requirements, should be reflected by TEP-A activities: Activities undertaken should, whenever possible, enable the PSU to establish benchmarks for progress achieved (e.g. to deliver a negotiating position on Trade in Services) in an overall Trade policy context.” (TEP A Mid-Term Evaluation – September 2006, p. 41). Two years later the adjustment had not been made and consequently the TEP A final evaluation recommended “A specialised focus on broad-based development and poverty reduction could be usefully taken into consideration in the design of upcoming assistance programmes.” (TEP A Final Evaluation – January 2008, p. 49).*

Source: country fiche

9.3 JC 9.3: TRA supported enforcement of ILO standards

9.3.1 I 9.3.1 ILO standards addressed in the design of relevant Commission TRA

Except in the case of Jordan, ILO standards were not addressed strategically in the respective first CSP/RSP. However, it emerged as an issue under the second CSP/RSP for Bangladesh, Dominica, El Salvador, ASEAN and Zambia.

Overall, ILO standards have explicitly been addressed in only a very small number of project designs. Given the increasing importance of the decent work agenda for trade – for example through the inclusion of labour standards in trade agreements – the lack of attention of ILO standards in TRA is a missed opportunity.

Table 30– CSP/RSP mentioning ILO standards regarding TRA (sample countries/ROs shaded)

Country / RO	CSP/RSP I	CSP/RSP II
Bangladesh	No	Yes
Burkina Faso	No	No
Cambodia	No	No
Cameroon	No	No
China	No	No
Côte d’Ivoire	No	No
Dominica	No	Yes
Egypt	No	No
El Salvador	No	Yes
Ghana	No	Yes
Guyana	No	No

Country / RO	CSP/RSP I	CSP/RSP II
India	No	No
Jordan	Yes	Yes
Mozambique	No	No
Paraguay	No	No
Russian Federation	No	No
Senegal	No	No
South Africa	No	No
Tanzania	No	No
Tunisia	No	No
Ukraine	No	No
Vietnam	No	No
Zambia	No	Yes
ASEAN	No	Yes
CARIFORUM	No	No
COMESA	No	No
UEMOA	No	No

Source: CSP/RSP analysis

In **Bangladesh**, the TAP of the BEST-programme emphasised that it will contribute to the application of the Bangladesh Labour Law and to the improved compliance with international labour and social standards. Especially Component 3 addresses labour standards and the Decent Work Agenda in the RMG industry. The programme was intended to work on increased application and enforcement of the revised Bangladesh Labour Law 2006 and social standards in the shrimps/fisheries and RMG sector while special focus was to be given to training women to support their advancement to higher levels of management in the RMG sector (1.5 million workers of which 1.2 million are women) (Better Work and Standards Programme (BEST) - DCI-ASIE/2008/19620, TAP – December 2009, p. 12.)

Source: country fiche, field mission

In **Ghana**, child labour was addressed at CSSP design stage but not discussed in context of ILO standards. No other ILO standards were mentioned

Source: field mission

ASEAN: None of the projects selected for the ASEAN case study had a direct and 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 Commission-ILO project “Monitoring and Assessing Progress on Decent Work in Developing Countries (MAP)” (EU contribution since 2009). Decent work is a term originally coined by the ILO in a report published in June 1999, when it described the goal of decent work as “not just the creation of jobs, but also the creation of jobs of acceptable quality”. It made it clear that the level of employment (quantity) cannot be divorced from its quality. The overall objective of the project is the realisation of decent work as a contribution to social justice and reducing poverty and income inequality in developing and transition countries. MAP aimed at the development – in support of the global decent work policy agenda – of a global methodology to

strengthen the capacity of developing and transition countries to self-monitor.⁵¹ While MAP is not a TRA intervention in a direct sense it immediately impacts on the trade agenda given the growing importance of work standards as contributing factor to the expansion of exports to the EU and other markets.

The project “Assessing and addressing the effects of trade on employment” (since 2009) has developed global knowledge tools to support the formulation of coherent trade and labour market policies that address the adjustment challenges and expand opportunities for the creation of decent employment at the national level, based on sound data and diagnosis and with the involvement of the social partners. Actions have been taken at the global level in four pilot countries (Benin, Bangladesh, Guatemala and Indonesia), to strengthen the capacity of policy makers, researchers and the social partners to assess, address and monitor the effects of trade on employment.⁵² In a nutshell, the project aims at helping policy makers and researchers reduce the negative effects of free trade on employment.

Source: field mission, regional organisation fiche

9.3.2 I 9.3.2 Agencies benefitting from/participating in Commission TRA activities promote ILO standards

Evidence was only found in the cases of Bangladesh, ASEAN and Ghana.

Overall some projects in a small number of countries effectively contributed to the implementation of labour laws and standards but – except in the cases of Indonesia and Cambodia which participated in an explicit Commission-ILO intervention – this was achieved without actively pursuing compliance to ILO standards.

In **Bangladesh** *BEST has contributed to the application of the Bangladesh Labour Law and to the improved compliance with international labour and social standards. Especially Component 3, which is implemented by GTZ, addresses labour standards and the Decent Work Agenda in the RMG industry.*

The components works towards increased application and enforcement of the revised Bangladesh Labour Law 2006 and social standards in the shrimps/fisheries and RMG sector while special focus was to be given to training women to support their advancement to higher levels of management in the RMG sector which employs 3.5 million people of which 80% are women.

The EU-funded and ILO-implemented project “Monitoring and Assessing Progress on Decent Work” (MAP), 2009-2012, has worked with government agencies (including Ministries of Labour and National Statistical Offices), workers’ and employers’ organisations and research institutions to strengthen the capacity of developing and transition countries to self-monitor and self-assess progress towards decent work. The project is facilitating the identification of Decent Work Indicators that are relevant at the national level; support data collection; and use the collected data for an integrated policy analysis of decent work in order to make them relevant for policy making. The preparation of a detailed background country study was completed in 2010.

Source: country fiche, field mission; ILO Office in Bangladesh (ILO-DHAKA), ILO/EC Project “Monitoring and Assessing Progress on Decent Work” (MAP), Monitoring and Assessing Progress on Decent Work in Bangladesh, National

As for **ASEAN**, evidence is available for the first phase (2008-2010) of the Cambodia component of the project Monitoring and Assessing Progress on Decent Work in Developing Countries (MAP)”. According to the evaluation report, the project was able “to leverage significant impact from limited resources ... A good example is the Labour Dispute Resolution Project, which secured significant achievements (such as a garment industry-wide agreement on collective bargaining) with a relatively modest budget.”⁵³

⁵¹ DCI-HUM/2008/164-787; Eurofund: Decent Work,

<http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/decentwork.htm>

⁵² DCI-HUM/2008/164-791.

⁵³ Report on the review of The ILO Decent Work Country Programme: Cambodia 2008–2010, International Labour Organization 2011, <http://www.ilo.org/public/english/bureau/program/dwcp/download/cambodiareview2.pdf>

In the case of the Indonesia the “Decent Work Profile Indonesia” of 2011– which elaborates on the outcomes and impact of the EU/ILO project, states that “Indonesia has adopted legal provisions on leave and working time responding to the decent work dimension of combining work, family, and personal life, especially for maternity leave and annual leave... Working hours have been regulated in order to provide workers with a better balance between work, family and personal life. However, workers including those in informal employment are increasingly working more hours, especially urban workers who are affected by the impact of urban sprawl and high commuting time.” Some progress is also noted in the areas of stability and security of work, safe work environments, equal opportunity and treatment in employment, social security systems and social dialogue, and employers’ and workers’ representation.⁵⁴

Source: country fiche

In **Ghana**, child labour was reduced among participating farmers from 17 to 1 % which is of course a significant achievement (Final Evaluation, 2012)

Source: country fiche

In **Cameroon**, *the banana sector has implemented standards related to production that cover certain elements of the ILO standards.* However the compliance to ILO standards is not actively pursued.

Source: field mission

⁵⁴ Decent Work Profile Indonesia, International Labour Organization 2011,
http://www.ilo.org/wcmsp5/groups/public/---dgreports/---integration/documents/publication/wcms_167418.pdf

10 List of analysed interventions

The following tables depict, which EU interventions in the desk sample countries have been analysed to assess the above listed evaluation questions. Detailed findings regarding these interventions were compiled in the country fiches (see Annex 4 volume 2b). However, in the course of the evaluation, several other sources (country/regional evaluations, evaluations of global instruments, reports, EUD survey, field interviews etc.) were analysed which also included findings from a large number of further interventions.

EQ 1 on alignment and strengthening of partners' trade-related systems	
Title	Country
EU- Bangladesh Small project Facility	Bangladesh
Bangladesh Trade Support Programme (Post Cancun)	Bangladesh
Bangladesh Quality Support Programme	Bangladesh
Trade Policy Support Programme	Bangladesh
Better Work and Standards Programme (BEST)	Bangladesh
Cameroun ATF 2007	Cameroon
Programme d'appui et de soutien à l'accord de partenariat économique (PASAPE)	Cameroon
Programme d'Appui au CICC	Cameroon
Programme d'Appui au Plan de Modernisation des Douanes	Cameroon
Support to China's Sustainable Trade and Investment System	China
Programme d'Appui au Commerce et à l'Intégration régionale - PACIR	Côte d'Ivoire
Mesures d'Accompagnement 2007 en faveur des Pays signataires du Protocole Sucre - Côte d'Ivoire	Côte d'Ivoire
Cadre Spécial d'Assistance en Faveur des Fournisseurs ACP Traditionnels de Bananes 2007	Côte d'Ivoire
Trade Enhancement Programme A (TEP A)	Egypt
Trade Enhancement Programme B, TEP-B	Egypt
Trade Enhancement Programme C - Technical Assistance for Customs Reform (TEP-C)	Egypt
Spinning and Weaving Sector Support	Egypt
Research, Development and Innovation	Egypt
Private Sector and Trade Enabling Programme (PSTEP)	Ghana
Ghana Cocoa Sector Support Programme - Phase II	Ghana
Fortalecimiento de la Competitividad del Sector Exportador Paraguayo (FOCOSEP)	Paraguay
Twinning and ENP Support Technical assistance	Ukraine
TACIS 2004 Ukraine Action Programme	Ukraine
TACIS 2005 Ukraine Action Programme	Ukraine
Promoting mutual trade by removing technical barriers to trade between Ukraine and the European Union	Ukraine
MUTRAP II - Multilateral Trade Assistance Project	Vietnam
MUTRAP III - Multilateral Trade Assistance Project	Vietnam
Export Development Programme	Zambia

EQ 1 on alignment and strengthening of partners' trade-related systems	
Title	Country
Capacity Building for Private Sector Development	Zambia
Programme for Regional Integration Support II (APRIS II)	ASEAN
EU-ASEAN Statistical Capacity Building Programme	ASEAN
EU-ASEAN Project on the Protection of Intellectual Property Rights III	ASEAN
Regional Integration Support Mechanism (RISM)	COMESA
Regional Integration Support Programme (RISP)	COMESA
Regional Integration Support Programme 2 (RISP2)	COMESA

EQ 2 on aid modalities and channels	
Title	Country
Bangladesh Trade Support Programme (Post Cancun)	Bangladesh
Bangladesh Quality Support Programme	Bangladesh
Programme d'appui et de soutien à l'accord de partenariat économique (PASAPE)	Cameroon
Programme d'Appui au CICC	Cameroon
Programme d'Appui au Plan de Modernisation des Douanes	Cameroon
Cameroun ATF 2007	Cameroon
Trade Enhancement Programme A (TEP A)	Egypt
Trade Enhancement Programme B, TEP-B	Egypt
Trade Enhancement Programme C - Technical Assistance for Customs Reform (TEP-C)	Egypt
Spinning and Weaving Sector Support	Egypt
Private Sector and Trade Enabling Programme (PSTEP)	Ghana
Ghana Cocoa Sector Support Programme - Phase II	Ghana
Fortalecimiento de la Competitividad del Sector Exportador Paraguayo (FOCOSEP)	Paraguay
Promoting mutual trade by removing technical barriers to trade between Ukraine and the European Union	Ukraine
Capacity Building for Private Sector Development	Zambia
ASEAN Programme for Regional Integration Support II (APRIS II)	ASEAN
EU-ASEAN Statistical Capacity Building Programme	ASEAN
Regional Integration Support Mechanism (RISM)	COMESA
Regional Integration Support Programme (RISP)	COMESA
Regional Integration Support Programme 2 (RISP2)	COMESA

EQ 3 on coordination, complementarity and coherence	
Title	Country

EQ 3 on coordination, complementarity and coherence	
Title	Country
EU- Bangladesh Small project Facility	Bangladesh
Bangladesh Trade Support Programme	Bangladesh
Bangladesh Quality Support Programme	Bangladesh
Trade Policy Support Programme	Bangladesh
Better Work and Standards Programme (BEST)	Bangladesh
Programme d'appui et de soutien à l'accord de partenariat économique (PASAPE)	Cameroon
Programme d'Appui au CICC	Cameroon
Programme d'Appui au Plan de Modernisation des Douanes	Cameroon
Cameroon ATF 2007	Cameroon
Support to China's Sustainable Trade and Investment System	China
Programme d'Appui au Commerce et à l'Intégration régionale - PACIR	Côte d'Ivoire
Mesures d'Accompagnement 2007 en faveur des Pays signataires du Protocole Sucre - Côte d'Ivoire	Côte d'Ivoire
Trade Enhancement Programme A (TEP A)	Egypt
Trade Enhancement Programme B, TEP-B	Egypt
Trade Enhancement Programme C - Technical Assistance for Customs Reform (TEP-C)	Egypt
Spinning and Weaving Sector Support	Egypt
Research, Development and Innovation	Egypt
Private Sector and Trade Enabling Programme (PSTEP)	Ghana
Ghana Cocoa Sector Support Programme - Phase II	Ghana
Fortalecimiento de la Competitividad del Sector Exportador Paraguayo (FOCOSEP)	Paraguay
TACIS 2004 Ukraine Action Programme	Ukraine
TACIS 2005 Ukraine Action Programme	Ukraine
Twinning and ENP Support Technical assistance	Ukraine
MUTRAP II - Multilateral Trade Assistance Project	Vietnam
MUTRAP III - Multilateral Trade Assistance Project	Vietnam
Export Development Programme	Zambia
Capacity Building for Private Sector Development	Zambia
ASEAN Programme for Regional Integration Support II (APRIS II)	ASEAN
EU-ASEAN Statistical Capacity Building Programme	ASEAN
EU-ASEAN Project on the Protection of Intellectual Property Rights III	ASEAN
Regional Integration Support Programme 2 (RISP2)	COMESA

EQ 4 on trade policy environment	
Title	Country

EQ 4 on trade policy environment	
Title	Country
EU- Bangladesh Small project Facility	Bangladesh
Bangladesh Trade Support Programme (Post Cancun)	Bangladesh
Bangladesh Quality Support Programme	Bangladesh
Trade Policy Support Programme	Bangladesh
Programme d'appui et de soutien à l'accord de partenariat économique (PASAPE)	Cameroon
Programme d'Appui au CICC	Cameroon
Programme d'Appui au Plan de Modernisation des Douanes (PAPMOD)	Cameroon
Support to China's Sustainable Trade and Investment System	China
EU-China Project on the Protection of Intellectual Property Rights	China
Mesures d'Accompagnement 2007 en faveur des Pays signataires du Protocole Sucre - Côte d'Ivoire	Côte d'Ivoire
Cadre Spécial d'Assistance en Faveur des Fournisseurs ACP Traditionnels de Bananes 2007	Côte d'Ivoire
Trade Enhancement Programme A (TEP A)	Egypt
Trade Enhancement Programme B, TEP-B	Egypt
Private Sector and Trade Enabling Programme (PSTEP)	Ghana
Ghana Cocoa Sector Support Programme - Phase II	Ghana
MUTRAP II - Multilateral Trade Assistance Project	Vietnam
MUTRAP III - Multilateral Trade Assistance Project	Vietnam
Export Development Programme	Zambia
Capacity Building for Private Sector Development	Zambia
Regional Integration Support Programme (RISP)	COMESA
Regional Integration Support Programme 2 (RISP2)	COMESA

EQ 5 on trade facilitation	
Title	Country
Bangladesh Trade Support Programme (Post Cancun)	Bangladesh
EU-China Project on the Protection of Intellectual Property Rights	China
Trade Enhancement Programme A (TEP A)	Egypt
Trade Enhancement Programme B, TEP-B	Egypt
Trade Enhancement Programme - Technical Assistance for Customs Reform (TEP-C)	Egypt
Private Sector and Trade Enabling Programme (PSTEP)	Ghana
TACIS 2004 Ukraine Action Programme	Ukraine
MUTRAP II - Multilateral Trade Assistance Project	Vietnam
MUTRAP III - Multilateral Trade Assistance Project	Vietnam
ASEAN Programme for Regional Integration Support II (APRIS II)	ASEAN

EQ 5 on trade facilitation	
Title	Country
Regional Integration Support Programme (RISP)	COMESA
Regional Integration Support Programme 2 (RISP2)	COMESA

EQ 6 on compliance with standards	
Title	Country
EU- Bangladesh Small project Facility	Bangladesh
Bangladesh Quality Support Programme	Bangladesh
Better Work and Standards Programme (BEST)	Bangladesh
Bangladesh Trade Support Programme (Post Cancun)	Bangladesh
Cameroun ATF 2007	Cameroon
Programme d'appui et de soutien à l'accord de partenariat économique (PASAPE)	Cameroon
Mesures d'Accompagnement 2007 en faveur des Pays signataires du Protocole Sucre - Côte d'Ivoire	Côte d'Ivoire
Trade Enhancement Programme A (TEP A)	Egypt
Trade Enhancement Programme B, TEP-B	Egypt
Private Sector and Trade Enabling Programme (PSTEP)	Ghana
Fortalecimiento de la Competitividad del Sector Exportador Paraguayo (FOCOSEP)	Paraguay
Promoting mutual trade by removing technical barriers to trade between Ukraine and the European Union	Ukraine
TACIS 2005 Ukraine Action Programme	Ukraine
MUTRAP II - Multilateral Trade Assistance Project	Vietnam
MUTRAP III - Multilateral Trade Assistance Project	Vietnam
Export Development Programme	Zambia
Capacity Building for Private Sector Development	Zambia
Regional Integration Support Programme (RISP)	COMESA
Regional Integration Support Programme 2 (RISP2)	COMESA

EQ 7 on regional integration	
Title	Country
EU- Bangladesh Small project Facility	Bangladesh
Programme d'Appui Régional à l'Intégration (PARI) UEMOA	Côte d'Ivoire
MUTRAP III - Multilateral Trade Assistance Project	Vietnam
ASEAN Programme for Regional Integration Support II (APRIS II)	ASEAN
EC-ASEAN Intellectual Property Rights Cooperation Programme (ECAP II)	ASEAN
EU-ASEAN Statistical Capacity Building Programme	ASEAN
Regional Integration Support Mechanism (RISM)	COMESA

EQ 7 on regional integration	
Regional Integration Support Programme (RISP)	COMESA
Regional Integration Support Programme 2 (RISP2)	COMESA

EQ 8 on trade development	
Title	Country
EU- Bangladesh Small project Facility	Bangladesh
EU-China Project on the Protection of Intellectual Property Rights	China
Trade Enhancement Programme A (TEP A)	Egypt
Trade Enhancement Programme B, TEP-B	Egypt
Spinning and Weaving Sector Support	Egypt
Research, Development and Innovation	Egypt
Private Sector and Trade Enabling Programme (PSTEP)	Ghana
Ghana Cocoa Sector Support Programme - Phase II	Ghana
Fortalecimiento de la Competitividad del Sector Exportador Paraguayo (FOCOSEP)	Paraguay
TACIS 2004 Ukraine Action Programme	Ukraine
MUTRAP II - Multilateral Trade Assistance Project	Vietnam
MUTRAP III - Multilateral Trade Assistance Project	Vietnam
Export Development Programme	Zambia
Capacity Building for Private Sector Development	Zambia
Regional Integration Support Programme (RISP)	COMESA
Regional Integration Support Programme 2 (RISP2)	COMESA

EQ 9 on addressing poverty	
Title	Country
EU- Bangladesh Small project Facility	Bangladesh
Bangladesh Quality Support Programme	Bangladesh
Bangladesh Trade Support Programme (Post Cancun)	Bangladesh
Better Work and Standards Programme (BEST)	Bangladesh
Cameroon ATF 2007	Cameroon
Programme d'Appui au Plan de Modernisation des Douanes	Cameroon
Programme d'appui et de soutien à l'accord de partenariat économique (PASAPE)	Cameroon
Programme d'Appui au CICC	Cameroon
Support to China's Sustainable Trade and Investment System	China
Mesures d'Accompagnement 2007 en faveur des Pays signataires du Protocole Sucre - Côte d'Ivoire	Côte d'Ivoire

EQ 9 on addressing poverty	
Cadre Spécial d'Assistance en Faveur des Fournisseurs ACP Traditionnels de Bananes 2007	Côte d'Ivoire
Programme d'Appui au Commerce et à l'Intégration régionale - PACIR	Côte d'Ivoire
Trade Enhancement Programme A (TEP A)	Egypt
Spinning and Weaving Sector Support	Egypt
Research, Development and Innovation	Egypt
Private Sector and Trade Enabling Programme (PSTEP)	Ghana
Ghana Cocoa Sector Support Programme - Phase II	Ghana
MUTRAP II - Multilateral Trade Assistance Project	Vietnam
MUTRAP III - Multilateral Trade Assistance Project	Vietnam
Export Development Programme	Zambia
Capacity Building for Private Sector Development	Zambia
EU-ASEAN Statistical Capacity Building Programme	ASEAN
Regional Integration Support Programme 2 (RISP2)	COMESA

11 Overall assessment according to DAC criteria

Relevance

The EU's support to trade has been relevant and largely maintained relevance through the evaluation period. The initial focus was partly influenced by the Doha Development Agenda (DDA) and often directed towards trade ministries and units responsible for engaging in related negotiations. There was a clear demand for such support and many developing countries had an urgent need to improve their trade policies and negotiation capacities. This was also relevant in relation to operationalising the EU's own strategic priorities espoused in the 'Trade and Development' Communication of 2002. With increasing TRA volumes and slow progress on the DDA, the EU has increasingly broadened support, placing increasing emphasis on trade facilitation, standards and 'behind the borders' constraints related to exports of the productive sectors. This ensured that the EU retain its thematic relevance. However, in the traditional TRA area of trade negotiation capacity the recent shifts towards assisting in EPA negotiations in some ACP countries has had mixed relevance, mainly as a consequence of limited demand, and this may also compromise the high degree of trustworthiness that the EU has enjoyed.

The relevance of 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 been at the forefront among donors in ensuring that its assistance was based on domestic strategies and used its partners' systems and implementation channels. This also involved innovative approaches including budget support, which generally increased relevance as its partners could assume higher ownership and flexibility. Recent set-backs in terms of alignment have been observed and a reduced use of budget support.

EU participation in global initiatives such as the Enhanced Integrated Framework (EIF) has also been relevant as least development countries face especially complex challenges in integrating into the global trading system and in relation to making trade a driver for development.

Efficiency

The efficiency of EU's TRA has improved with the increased willingness of the EU to use joint funding modalities and the introduction of new aid modalities. In particular the latter has helped reducing fragmentation of the support, which gained momentum in the early part of the period. Regaining this momentum may assist in further reducing inefficiencies. At intervention level where there has been a clear focus on and analysis of demand, efficiencies have generally been higher due to better utilisation of the inputs. In this context, the evaluation found examples of especially TA intensive projects being sub-optimally tailored to the demands of the partner and with inputs tied to the contractor, implying limited flexibility in the expertise available. This has tended to increase inefficiencies. In budget support, the efficiency is conditional upon improvements in national systems, such as reduction in leakages and improved implementation capacity. Findings suggest that TRA has been efficient in that context, although not always to the degree initially expected.

In terms of trade facilitation and support to an improved quality infrastructure (e.g. technical standards, removal of technical barriers to trade compliance and customs) there is now more focus avoiding duplication and ensuring proper utilisation than previously, which tends to improve efficiency. Finally, when using other organisations for implementation, efficiency can and has occasionally suffered. First of all there may be higher overhead costs which can reduce efficiency when e.g. using UN organisations and these have not always be justifiable in terms of added value. On the other hand they can also bring in unique expertise and hence improve efficiencies (and other aspects), but this has to be analysis in each individual case.

Effectiveness

The EU's TRA has been most effective in contexts with clear and well developed trade policies and where the beneficiary had clearly articulate demand. In more challenging contexts, effectiveness was conditional upon proper contextual analysis in the design phase. In fragile contexts, the focus on especially restoring or stabilising the productive sectors has proven effective in maintaining incomes and building a platform for subsequent economic recovery.

The effectiveness of TRA to the productive sectors has also been generally high and, where needed, the use of international organisations with specialised expertise (e.g. product-specific) has further enhanced effectiveness. TRA has considerably helped to improve the market access for the productive sector. The contribution of EU's TRA to reduce supply-side constraints and to increase international

competitiveness of supported enterprises has been in general positive. Related work on compliance with standards, both at producer and organisational, level has generally displayed high effectiveness, in part at least due to the strong demand hereof.

The effectiveness of developing capacity in trade related institutions also varies considerably with partner organisations' commitment and incentives being crucial, but, at times under-analysed determinants. Moreover, EU's support to TRA has contributed to developing trade policy and negotiation capacity.

Impact

The EU's TRA has in some cases had high impact in terms of promoting regional integration (e.g. ASEAN), and facilitating trade for the productive sectors. Again, the partner's initial capacities, commitments and demand are part of the explanatory factors for impact, but the degree to which the TRA's design base included proper contextual analysis that examines both formal and informal incentive structures and the political economy of reform varied and was often found inadequate to promote impact.

Lasting impacts have been seen in the area of compliance with standards. TRA has also contributed to the stabilisation of traditional agricultural commodities' exports. Its impact in terms of a broader and deeper integration of diversified third countries' economies into the rules-based world economy was less obvious. However, a recurrent feature is the dearth of information on the magnitude of impact that EU's TRA has had. This stems from inadequate monitoring and evaluation systems both on behalf of the EU and of its partners. It is therefore challenging to quantify and attribute observed changes, such as in foreign trade or foreign direct investment, to EU's TRA.

Outside ASEAN, outcomes aimed at promoting regional integration have been more mixed with only limited impact in ACP countries. Here, impact has been undermined primarily due to limited political will and capacity of member states and regional secretariats. As the regional organisations have no supra-national authority, they rely on their member states to implement and enforce agreements, accords and treaties. Often, this fails to materialise with detrimental consequences for the integration process and, by implication, also for EU TRA.

Moreover, impact has also been undermined in the cases where the real incentive structures were unaligned to TRA objectives, e.g. if powerful quasi-monopolies were threatened or if reforms entailed loss of political clout and power (e.g. Vietnam and Egypt).

Measuring and attributing impact is inherently difficult, not least setting with joint funding modalities and focus on policy reform at macro level. However, the EU and its partners have arguably been too unambitious in this area, as there are clear missed opportunities in many interventions evaluated.

Sustainability

It is not possible to make a single broad evaluative statement regarding the overall sustainability of EU's support to TRA. It is affected by many factors, such as political and economic context, relative prices, and initial capacities. It thus varies widely according to intervention and context. Sustainability of support to public sector ministries and organisations is linked to the degree to which TRA has been aligned to domestically owned reform programmes with political willingness and clout to implement necessary changes. This also relates to the need to analyse the prevailing incentive structures and political economy issues. E.g. in situations characterised by high-staff turnover and overwhelming resistance to institutional streamlining, sustainability of training and re-organisation has often proved to be mixed. On the other hand, where TRA objectives were aligned to the real incentive structure and where proponents of reforms are stronger than opponents, sustainability was higher.

Support to trade related productive sectors has generally been sustainable if there has been a strong incentive to maintain the services / methodologies introduced by EU TRA. If the services were cost-effective and profitable, sustainability was thus high, which in turn underlines the importance of cost-benefit analyses. Examples include the introducing more profitable production techniques, when ensuring better compliance with standards that has international competitiveness and when linking producers and traders. However, this type of support was often incapable (and not aimed at) addressing more structural and systemic weaknesses especially concerning the trade policy and regulatory regime, which at times undermined long-term sustainability if left unaddressed.

EU added value

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 it is often also the only with a dedicated focus on TRA, which gives it considerable weight. Overall, the EU is respected as trustworthy partner with credibility in trade matters despite obviously also having its own stakes. More recently, reputational risks have increased and added value of TRA may suffer as a consequence especially in the face of EPA negotiations that have been seen as contentious in many ACP countries.

The EU has placed particular emphasis on regional integration and achieved notable successes especially in East Asia. Given the history of the European Union, the EU and the wider EU evidently have useful experiences to share on how to promote deeper regional economic cooperation. However, there are also clear limitations 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 the danger of underestimating the differences in the political and historical context that can undermine the often very ambitious targets that the EU and its regional partner have. Thus, the EU has not consistently and carefully evaluated the transferability and real value added of its expertise in regional integration.

Co-ordination, complementarity and coherence

Trade-related coordination mechanisms in relations between the EU and other development partners are well developed in most cases. Towards the end of the evaluation period, formal coordination groups had been established in the majority of countries. However, there are issues of inadequate coordination and coherence between national and regional TRA, which, in part, also stems from challenges and mixed commitment among the EU's partners to ensure better coherence.

Policy coherence has been improving over the evaluation period with the EU often successfully addressing issues related to SPS and TBT that assisted in expanding market access. While having the attention of many EU NGOs, the issue of agricultural subsidies under Common Agricultural Policies, was, according to our findings, only a minor issue in a few countries affecting a small subset of producers and not viewed as the most pressing priority. However, the practices of 'bundling' EPA negotiations with TRA has led to some incoherence issues especially if there is limited partner demand for such EPA-related TRA. Here the incoherence is primarily around the principle of DG Trade in particular being interested in accelerating EPA negotiations and implementation whereas TRA should, according to the numerous high level fora declarations the EU has signed, be demand driven.