



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

**Final Report
Volume 2c
April 2013**



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*The opinions expressed in this document represent the authors' points of view
which are not necessarily shared by the European Commission
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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 c

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*Thematic Global Evaluation of European Union's
Support to Trade-related Assistance in Third
Countries*

Field Visit Note

Regional Organisation:
ASEAN

July 2012

Evaluation for the European Commission





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Researchers'
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Framework contract for
**Multi-country thematic and regional/country-level
strategy evaluation studies and
synthesis**
in the area of external co-operation

LOT 1

**Multi-Country Evaluation Studies of Economic
sectors/themes of European Union's External
Cooperation**

Ref.: EuropeAid/122888/C/SER/Multi

Contract n° EVA 2007/Lot 1

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**THEMATIC GLOBAL EVALUATION OF
EUROPEAN UNION'S SUPPORT TO
TRADE-RELATED ASSISTANCE
IN THIRD COUNTRIES**

Field Visit Note

Regional Organisation: ASEAN

July 2012

*This evaluation is carried out by
EGEVal II/Particip GmbH*

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

1 Introduction

Particip/EGEVAL II has been contracted by the Commission to undertake the *Thematic Global Evaluation of European Union's Support to Trade-Related Assistance in third Countries*. Both, ACP and non-ACP countries, are covered by the evaluation (specific contract numbers EVA 2007 - 2010/254070 and EVA 2007 – 2011/261-717).

The main objective of the field phase was to complete the data collection undertaken during the desk phase and to contribute to answering the EQs. It aims at verifying, complementing, validating and/or revising the preliminary findings formulated in the draft desk report. Moreover, its objective is to test the hypotheses set forth during the desk phase.

The purpose of the note is to summarise the findings from the field that will feed into the synthesis report. This note is *neither* a country evaluation nor a self-standing impact evaluation, and does not intend to pass judgement on the performance of the EU Delegation to Jakarta, nor on its ASEAN partners.

ASEAN was chosen as a field study country based on its high score on a number of criteria including 1) being a highly relevant regional organisation regarding trade and 2) relative importance of TRA in the EU's portfolio for ASEAN. Moreover the final country selection was made in dialogue with the Joint Evaluation Unit. More detailed information on the scoring methodology and field country considerations can be found in the desk report.

The field visit was undertaken between the 19th of June and the 28th of June 2012. The consultants would like to thank all those met for sharing their insights, views and experience with us. The list of those met can be found in chapter 6. The country field team assumes sole responsibility for the views, opinions and errors expressed in this report.

2 Short description of EU's support to TRA for ASEAN

Co-operation programmes between the EU and ASEAN cover a broad range of sectors: standards, civil aviation, energy, customs, intellectual property rights, higher education, bio-diversity and others. Since 2003, when ASEAN expressed its vision for achieving the ASEAN Community, the EU has begun to concentrate its cooperation budget to helping ASEAN achieve its bold objectives. Currently, the EU dedicates the bulk of the regional technical co-operation programmes in Southeast Asia to assisting the Association in its efforts for regional integration, particularly economic integration.

To this end, the 2005-2006 EU regional indicative programme (RIP) focused on a single priority: support for ASEAN integration and region-to-region dialogue. Political dialogues are undertaken under two distinct instruments, TREATI (Trans-Regional EU-ASEAN Trade Initiative) and READI (Regional EU-ASEAN Dialogue Instrument, grouping together all other dialogues).

The EU's Regional Programming for Asia Strategy Document, 2007-2013, further specifies three focal areas for EU's support to ASEAN: (i) regional capacity building and support to region-to-region dialogues in a wide range of areas and sectors that includes trade facilitation, transport and logistics, environment, security and justice, energy, customs, taxation, investment, services liberalisation, statistics, technical standards and regulations, sanitary and phytosanitary standards (SPS), research, mutual recognition of qualifications, civil aviation and intellectual property rights (IPR); which include aspects of capacity building for (the now discontinued) ASEAN-EU FTA negotiations as well as activities to support ASEAN integration; (ii) statistical cooperation and (iii) cooperation and policy reform in the field of security. Most of these areas are directly relevant for TRA and are reflected in the projects.

Main evaluative focus:

<i>Title of the intervention</i>	<i>Committed amount for the intervention in €</i>
ASEAN Cooperation Project on the Protection of Intellectual Property Rights (ECAP III)	6,876,754
ASEAN Programme for Regional Integration Support (APRIS), Phase II	4,856,400
EC-ASEAN Statistical Capacity Building Programme (EASCBP)	4,500,000

For additional information and comparison – and also with regards to the questions as to what extent lessons of the 2004-2010 EU TRA for ASEAN have already been learned and translated into modifications and amendments since 2010 – the evaluators also looked into the following projects during the field mission:

- SWITCH Asia (since 2010) as a part-successor of Asia Invest
- “Enhancing ASEAN FTA Negotiation Capacity Programme” (since 2010)
- “ASEAN Regional Integration Support by the European Union” (ARISE) (since 2012), the successor of APRIS, and
- READI (since 2011): While READI excludes trade it covers sectors that are relevant for the broader trade agenda such as science & technology and particularly energy.
- Findings from an older project, “EU-ASEAN Cooperation Programme on Standard, Quality and Conformity” (2003-2005) – components of which were later continued by APRIS – have also been taken into consideration.

3 Data collection tools and methods used (their limits and possible constraints)

Prior to the field visit the country field team undertook a desk review of available literature, both specific to EU-supported interventions, as well as broader documentation regarding other development partners, as well as the overall evolving status of the TRA in ASEAN during the evaluation period. During the field mission semi-structured interviews were conducted at the EU Delegation and the ASEAN Secretariat in Jakarta – with officials (Directors, Assistant Directors, Senior Officers and Technical Officers) of all relevant projects, as well as directly or indirectly related interventions. Interviews were also conducted with project managers of on-going and new projects. Several stakeholders provided the evaluators with extensive additional documentation in addition to the material that had been available for the desk study. There were no significant limits or constraints to data collection during the field mission.

4 Summary of main findings

4.1 Main findings related to the evaluation questions

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

The priorities in relation to TRA reflected ASEAN’s development strategies and were clearly aligned with the needs and objectives in the regional economic integration process. TRA for ASEAN has moved in the direction of demand-driven support during the evaluation period.

The EU’s TRA has made an important contribution to the strengthening of ASEAN’s planning and implementation systems and effectiveness through multi-level capacity-building. However, there was an over-reliance on European experts and no significant involvement of experts from the ASEAN region itself.

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

Modalities and channels have been appropriate to delivering TRA. Increased analytical efforts have been invested in aid modality selection processes. Furthermore, there is evidence for growing ASEAN ownership in this process. GBS and SBS were not relevant for TRA in support of ASEAN.

There is also evidence for the consideration of lessons learned from previous project phases for the design of follow-up or new interventions. For example providing TRA mainly in support of ASEAN integration at the regional level and channelling it through the ASEAN Secretariat did not correspond with the reality of economic integration in Southeast Asia as it neglected the existing capacity and implementation gaps at national levels. The member states, not the ASEAN Secretariat, were the bottlenecks in the process of economic community building and creating a more open and liberal trade and investment environment. A stronger focus particularly on the CMLV countries (Cambodia, Myanmar, Laos and Vietnam) in the selection of TRA modalities and channels was lacking from the TRA during the evaluation period. However, based on this experience the next phase of the cooperation programme will give more emphasis

to national levels in delivering TRA as opposed to the regional level as represented by the ASEAN Secretariat.

Evaluation Question 3: To what extent has the EU'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?

There is generally coherence with key development and trade related policies as the result of intensified political and policy dialogues. The field mission found evidence for growing efforts at coordination with other EU Delegations and other donors in the region – among the EU Member States (EU MS) only Germany had trade-relevant projects at the regional level – during the evaluation period both with regard to formal and informal coordination mechanisms.

The main shortcoming on coordination concerns a lack of coordination of EC interventions that were targeted at regional and national levels respectively. In addition to TRA at the regional ASEAN level the EU also strongly supported the trade agenda in bilateral programmes and projects with individual ASEAN member states. At the same time most regional EC-ASEAN projects had national components. At programming level, regional and national programmes and projects were coherent. No inconsistencies could be found regarding global programming on one hand and regional/national programming on the other. However, formal mechanisms to facilitate systematic coordination of TRA interventions among the Delegations in the region were either non-existent or insufficient.

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

Within ASEAN the EC is viewed as an accessible global knowledge resource on trade policy. A high degree of legitimacy of the “EU model” could be found, which was referred to as a useful point of reference for ASEAN by most stakeholders interviewed. There has been an attributable contribution of EU's support to policy and legal environment for IPR, standards, tariff reduction and customs. However, stronger links between regional and national trade policy environments were needed in the implementation process.

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

Increasing analytical attention has been given to the identification of root causes, shortcomings, limitations and weaknesses in existing trade and customs regimes; but it remained difficult to single out individual ASEAN member states for political reasons, although the ASEAN Economic Community Scorecard has made a first contribution to this end. Laos and Myanmar (and to a lesser extent) Cambodia were the bottlenecks in almost all sectors. Linkages between national and regional projects remain important for these countries to reduce trade-related transaction costs.

The EU – through APRIS II and the follow up project ARISE – has made a significant contribution to the strengthening of customs procedures but it is too early to see any improvements of transit times or of any other quantitative indicators.

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

There is evidence for EU's support having contributed to the ASEAN Cosmetics Directive (ACD). Furthermore, strong contribution of EU's support also exist with regard to the UN Globally Harmonised System of Classification and Labelling of Chemicals (GHS) as well as electrical and electronics products. The European EU-ASEAN Standards Programme and later APRIS developed exchanges between international, European and ASEAN standardisation, accreditation, conformity assessment and market surveillance bodies

First attempts at conformity and compliance assessments were facilitated through the ASEAN monitoring systems but this approach was still in its infancy and thus limited. Comprehensive studies on the level of compliance in the respective sectors where standards have been set were not available.

The impact of SPS and TBT interventions critically depended on development of local expertise and here it can be concluded that there has generally been a good match between TA and capacity building.

The involvement of non-state actors was generally limited (exception is the elaboration of the Cosmetics Directive), but growing. The stronger involvement of non-state actors seems to be based on lesson learnt from previous interventions.

Evaluation Question 7: To what extent has the EU's TRA contributed to deepening regional economic integration?

The EU has made a tremendous contribution to regional economic integration in Southeast Asia through targeted technical support to the implementation of the ASEAN Economic Community Blueprint and multi-level capacity building. Furthermore, the EU is seen as ASEAN's most trusted and relevant partner given the importance of the European integration process as reference point (but not necessarily model) for ASEAN's own regional integration. The main shortcoming of the EU's TRA for ASEAN has been insufficient support for the ASEAN member states in the implementation process of regional agreements (in other words, a lack of explicit national components in regional projects which mainly focused on the ASEAN Secretariat) – with the exception of ECAP III which basically consisted of ten national projects. There were also missed opportunities in achieving more synergies between regional and national TRA interventions due to missing formal coordination mechanisms between EU-ASEAN interventions and bilateral projects of the EU with individual ASEAN member states which are implemented at national levels. Finally, despite some modest progress and new initiatives, monitoring systems in all areas of intervention were still under-developed.

Evaluation Question 8: To what extent has the EU's TRA support to trade development helped improving market access and investment climate?

Contributions to the strengthening of market access and the investment climate have mainly been achieved through bilateral programmes, which were implemented at the national level in individual ASEAN member states, for example MUTRAP (Vietnam) and TRTA (Philippines).

Evaluation Question 9: To what extent has the EU's TRA mainstreamed poverty reduction in TRA design and implementation?

Poverty and employment aspects were addressed in the design of most intervention but were not systematically or extensively analysed in most cases. Projects were guided by an implicit assumption that poverty in the region would be reduced by accelerating economic growth across the region and generally focussing on socio-economic aspects. As a matter of course, monitoring and associated indicators tended not to be able to causally link TRA with poverty reduction.

None of the reviewed projects had a direct and explicit focus on International Labour Organisation (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 –have been involved in the joint EU-ILO project “Monitoring and Assessing Progress on Decent Work in Developing Countries (MAP)”; furthermore the project “Assessing and addressing the effects of trade on employment” (since 2009) has operated in four pilot countries (Benin, Bangladesh, Guatemala and Indonesia) to help policy makers and researchers to reduce the negative effects of free trade on employment. In Cambodia and Indonesia government agencies benefitted from EU TRA activities promoting ILO standards within the context of the ILO Better/Decent Work agenda which has been implemented with EU's support.

4.2 Other findings outside EQs

Workshops often result in opportunities for network-building and discussion among ASEAN participants on issues beyond the immediate workshop agenda. This can be considered a positive unexpected result.

5 Conclusions

The EU has made a very strong contribution to regional economic integration in Southeast Asia through targeted technical support to the implementation of the ASEAN Economic Community Blueprint and multi-level capacity building. The EU is furthermore seen as ASEAN's most trusted and relevant partner given the importance of the European integration process as reference point (but not necessarily model) for ASEAN's own regional integration.

TRA has been accompanied – and is well aligned with – long-standing political relations (multi-level dialogues) that date back to 1972 when the EU became ASEAN's first official dialogues partner. The special relationship between the EU and ASEAN was emphasised in 1980 when the EU concluded a cooperation agreement with ASEAN, the first such agreement with a group of nations. Furthermore, ASEAN was given the status as an equal partner, also a first in the EU's external relations at the time. This established a strong foundation for the following decades of close cooperation. Overall, official donor assistance on the one hand and political dialogue on the other have mutually reinforced each other.

Trade was not originally one of ASEAN's main focal points of the regional cooperation agenda but trade finally became centre stage in 1992 when the Association announced the gradual implementation of a regional Free Trade Area which eventually came into effect in 2010. Based on two decades of experiences in fostering economic integration, ASEAN has clearly defined and well outlined economic integration agenda and related a good grasp and understanding of its own needs and shortcomings on trade-related issues. While some earlier interventions of the EU were mainly supply-driven (reflecting the EU's own "wish list" and ideas of how ASEAN's trade agenda should look like), the EU's TRA has clearly moved towards a demand-driven approach during the evaluation period which is closely related to ASEAN's 2003 Economic Community Blueprint.

The EU has a natural counterpart in the ASEAN Secretariat (ASEC), a highly professionalised coordinating body and by far the best functioning and best equipped secretariat of any regional organisation outside the OECD world. While the ASEC is tiny compared to the EC – less than 200 officials work at the ASEC – its organisational structure nevertheless reflects some core features of the EU.

EU's TRA has been instrumental in addressing key cooperation areas which responded to some of ASEAN's core needs. There has been an attributable contribution of EU's support to improved policy and legal environment for IPR, standards, tariff reduction and customs.

Through these interventions the EU was able to establish high visibility and, as several stakeholders stressed in interviews, ASEAN would find it difficult to further its trade and generally economic integration agenda without the support of the EU. ASEAN as an organisation lacks the appropriate funds.

Joint analytical and diagnostic work between the EU and ASEAN has been increasing as the result of statistics projects which provided the tools to measure the effects of TRA in a broad sense.

The priorities in relation to EU's TRA reflected ASEAN's development strategies and were clearly aligned with the needs and objectives in the regional economic integration process.

The main shortcoming of the EU's TRA for ASEAN has been insufficient support for the ASEAN Member States in the implementation process of regional agreements (in other words, a lack of explicit national components in regional projects which mainly focused on the ASEC). Furthermore, here were missed opportunities in achieving more synergies between regional and national TRA interventions due to missing formal coordination mechanisms between EU-ASEAN interventions and bilateral projects.

6 List of persons met

Name	Position / Entity
SO Joel Atienza	Strategic Planning & Coordination Division
TO Sri Wardhani Bakri	Research Information & Statistical Division, ASEAN Secretariat
SO Isagani Creencia Erna	Standards (for Automotive products, Electrical and Electronic Equipment), Trade & Facilitation Division, ASEAN Secretariat
TO Nadya Fanessa	Competition Consumer Protection & IPR Division, ASEAN Secretariat
Dr. Carolyn Gates	Team Leader/Trade Expert, Enhancing ASEAN FTA Negotiating Capacity
Dr. Stefan Hell	Team Leader, Regional EU-ASEAN Dialogue Instrument (READI)
H.E. Lim Hong Hin	DSG of AEC
TO Beny Irzanto	Competition Consumer Protection & IPR Division, ASEAN Secretariat
Ms Cecile Leroy	Attaché, EU Delegation
SO Wan Joon Lian	External Economic Relations Division
TO Kathlia Martokusumo	Strategic Planning & Coordination Division
SO Antonio Aldrin Roberto Mendoza	Competition Consumer Protection & IPR Division: ASEAN Project on the Protection of Intellectual Property Rights (ECAP) and Competition session [APRIS II TREATI Workshop on Competition Policy]
ADR Ky-Anh Nguyen	Culture & Information Division, former officer in charge of ICT, ASEAN Secretariat
TO Adela Pranindiati	Security Cooperation Division, ASEAN Secretariat
TO Dyah Retno	ASEAN Integration Monitoring Office (AIMO)
Mr Andreas Roettger	Head of Operations Section 1 (Economic, Regional & Good Governance), EU Delegation
ADR Mala Selvaraju	Security Cooperation Division, ASEAN Secretariat
Ms. Pitchaya Sirivunnabood	ASEAN Integration Monitoring Office (AIMO)
SO Roeun Socheat	Customs, Trade & Facilitation Division: Customs, ASEAN Secretariat
SO Agus Sutanto	Research Information & Statistical Division, ASEAN Secretariat
ADR Thitapha Wattanapruttipaisan	Competition Consumer Protection & IPR Division, ASEAN Secretariat

Note on Abbreviation:

DSG:	Deputy Secretary-General of ASEAN
DIR:	Director
ADR:	Assistant Director
SO:	Senior Officer
TO:	Technical Officer

*Thematic Global Evaluation of European Union's
Support to Trade-related Assistance in Third
Countries*

Field Visit Note

Country:
Bangladesh

August 2012

Evaluation for the European Commission





Aide à la Décision Economique
Belgium



Particip GmbH
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Development
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Italy



European Centre for Development
Policy Management
The Netherlands



Overseas Development Institute
United Kingdom



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OF EUROPEAN UNION'S SUPPORT
TO TRADE-RELATED ASSISTANCE
IN THIRD COUNTRIES**

Field Visit Note

Country: Bangladesh

August 2012

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The purpose of this note is to summarise the findings from the field that will feed into the synthesis report. This note is *neither* a country evaluation nor a self-standing impact evaluation, and does not intend to pass judgement on the performance of the EU Delegation to Bangladesh, nor on its local partners.

Bangladesh was chosen as a field study country based on its high score on a number of criteria including 1) high level of TRA in the evaluation period, 2) relative importance of TRA in the country portfolio and 3) interventions in the area of trade-related standards and trade development. Moreover the final country selection was made in dialogue with the Joint Evaluation Unit. More detailed information on the scoring methodology and field country considerations can be found in the desk report.

The field visit to Bangladesh was conducted from 29 July to 8 August 2012. The consultants would like to thank all those met for sharing their insights, views and experience with us. The list of those met can be found in the Chapter 6. The country field team assumes sole responsibility for the views, opinions and errors expressed in this report.

2 Short description of EU's support to TRA in Bangladesh

Bangladesh was a major recipient of EU's support in terms of TRA. Over the evaluation period (2004-2010) the contracted funds amounted to around € 55 million. The major share of these funds was implemented through a project approach (approx. € 40 million), while the budget support modality has not at all been used in the.

Fisheries and readymade garments (RMG) account for more than 80% of export earnings and are thus the focal sectors to support poverty reduction in Bangladesh. The EU is a major market for both sectors (exports in 2010-2011: fishery products: € 503 million; textiles and garments: € 6,538 million) and the industries employ approximately 4 to 4.5 million workers. The EU's support is therefore strongly oriented towards these sectors.

The five major TRA programmes implemented in Bangladesh reflect this orientation and tackle different issues related to improvements of the framework conditions of the export industries. The "EU-Bangladesh Small Project Facility (SPF)" aimed at promoting civil society dialogue and facilitating interactions in the areas of export diversification, trade related matters and economic co-operation between the EU and Bangladesh. The "Bangladesh Trade Support Programme (Post Cancun) (BTSP)" has as its purpose to strengthen human resources and institutional capacity of relevant Government Agencies and private sector parties in order to introduce trade reforms and remove technical barriers to trade (TBT). Improvements of the quality management systems and increased awareness of international quality standards and export potentials are in the focus of the "Bangladesh Quality Support Programme (BQSP)". Another aspect is taken up by the "Trade Policy Support Programme (TPSP)" which aims at the development of a coherent trade policy through capacity building of key trade-related institutions. After termination of the BQSP, the programme was followed by the "Better Work and Standards Programme (BEST)" whose purpose is to improve competitiveness and facilitate export growth and diversification through increased productivity and compliance of the production base with international norms and practices.

Bangladesh is signatory to the Asia-Pacific Trade Agreement (APTA), Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC) and South Asian Free Trade Area (SAFTA) agreements and member of the WTO (since 1 January 1995) and the South Asian Association for Regional Cooperation (SAARC). Despite the global financial crisis and a politically challenging

environment in Bangladesh, the economy is continuously growing at around 5 to 6%. However, export growth is decreasing while the dependency from textile and garment exports persists. It is expected that the revised rules of origin under the GSP-Plus will have a positive effect on Bangladeshi textile and garment exports. Despite the implementation of a Special Economic Zones Act, the level of foreign direct investment (FDI) remains low, especially due to persisting shortages in energy supply.

Main evaluation focus:

<i>Title of the intervention</i>	<i>Committed amount for the intervention in €</i>
EU- Bangladesh Small project Facility (SPF)	1,499,250
Bangladesh Trade Support Programme (Post Cancun) (BTSP)	6,086,131
Bangladesh Quality Support Programme (BQSP)	9,559,540
Trade Policy Support Programme (TPSP)	3,798,096
Better Work and Standards Programme (BEST)	14,625,000

3 Data collection tools and methods used

Prior to the field visit the country field team undertook a desk review of available literature, both specific to EU-supported interventions, as well as broader documentation regarding other development partners, as well as the overall evolving status of the TRA in Bangladesh during the evaluation period. During the field mission semi-structured interviews were conducted at the EU Delegation, several government ministries, former and current project staff and other state and non-state stakeholders (see chapter 6). The interviews were directly related to the evaluation's indicators and particularly addressed the hypotheses and information gaps identified in the desk study. Several interviewees provided the consultants with extensive documentation in addition to the material that had been available for the desk study.

Reduced office hours during Ramadan and the notoriously heavy traffic in Dhaka (even heavier during Ramadan) proved a challenge but did not result in significant limits or constraints to data collection. The involvement of the private sector in the EU's TRA in Bangladesh was covered in several stakeholders meetings. However, in spite of the team's constant efforts it was not possible to get an appointment with any of the business associations in the fisheries and garments sectors. Due to time constraints it was not possible to meet individual grant holders under the Small Project Facility (SPF). To reiterate, this country note is not a judgement of the performance of individual projects, nor of the overall TRA portfolio of the EU Delegation. Rather it is an attempt to learn from the Bangladeshi experience and to encourage wider reflections on how best to structure and focus EU's TRA.

4 Summary of main findings

4.1 Main findings related to the evaluation questions

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

In Bangladesh trade policy was (and still is) fragmented into export, import, investment, revenue and other policies which were not mutually supportive. This shows the relevance and the need for a comprehensive trade policy which was supported by TPSP. At the same time, the existing fragmentation and lack of coordination among different ministries constituted a hurdle and challenge for the alignment of TRA support with Government of Bangladesh's (GoB's) policies and priorities.

The EU's TRA has responded well to the changing social, labour and environmental compliance requirements in the post-Multi-Fiber Agreement (MFA) area and has been supporting compliance capacity

strengthening programmes for sustainable growth of the trade sector as the single largest employing sector in the country. At the same time some concerns existed regarding the static nature of ToRs, for example in the case of TPSP leaving little room for dynamic adaptations to changes.

Overall, programming had been initiated mainly by the EU but was then conducted jointly with GoB. For example, BEST and TPSP were both initiated by the EU but the focus on specific issues (such as laboratories, frozen food sector) was set by GoB.

There was no effective and comprehensive government-owned TRA monitoring system in place that goes beyond the output level. GoB has put its main emphasis on physical progress reporting which does not comply with the concept of an appropriate monitoring and evaluation (M&E) systems that would allow for the “management of results”.

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

This EQ is only partly applicable as there was neither GBS nor SBS support in Bangladesh. National stakeholders have built strong experience and expertise in the implementation of TA projects. Hence, the EU's project based aid delivery modality suited the country. While M&E reports often elaborated on a lack of absorption capacities among the EU's local partners (mainly GoB), the main issues were rather missing commitment, ownership and vision for sustainability on the partners' part.

A general challenge for all donors were (and still are) the usually long delays between the signing of financing agreements and the actual start of projects, since the GoB first elaborated a TPP (Technical Project Proposal), which was a time-consuming process.

The use of international organisations (UNIDO, International Finance Corporation (IFC) and International Labour Organisation (ILO)) has provided an important added value to EU-funded projects and programmes. This approach has proven to be essential in leveraging specialised competencies that the international organisations possessed, sourcing renowned experts and facilitating the involvement of high profile institutions in project implementation. At the same time, however, the involvement of international organisations has resulted in a reduction or even loss of EU visibility. Furthermore, international organisations have been more expensive than consultancies firms as project implementers.

Evaluation Question 3: To what extent has the EU'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?

The design of TRA projects in Bangladesh was coherent with the EU's key objectives and policies. Socio-economic and environmental impacts of EU trade policy, and international trade relations generally, have been directly and comprehensively addressed.

The participation of Non State Actors (NSA) in the TRA programming and project management cycle has clearly grown in recent years but was mainly restricted to private sector organisations (chambers and business associations). Civil society organisations only participate through a small number of academic institutions and think tanks but their contribution was still marginal overall.

There is clear evidence of effective coordination between the EU and EU Member States (EU MS) and other development partners (DPs) via formal institutional mechanisms (the EU led on trade-related issues in local consultative group (LCG)) which have also strengthened informal channels for coordination and information-sharing. Successful coordination was accompanied by a good degree of complementarity among the EU, EU MS and other DP projects but this also seems to have been coincidence to some extent and was not necessarily always the result of strategic planning and coordination. The EU was seen as a pool of knowledge on government procedures etc. by DPs which seems directly related to the fact that during the last years the EU has had a leading role regarding the trade and TRA agenda in Bangladesh.

During the evaluation period there has been no TRA support by the EU for Bangladesh's regional integration, for example in the context of the South Asian Association for Regional Cooperation (SAARC)

of which Bangladesh is a member or project. Hence, there was no need to coordinate TRA at the national and regional level.

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

Overall, the EU has been supporting the mainstreaming of trade policy with significant resources – under BTSP and TPSP – but with little success so far. This was partly related to insufficient analysis of the country's political economy and political decision-making processes before and during the project implementation.

There has been a gradual improvement of GoB capacities in trade policy making during the evaluation period but there were still many gaps. The EU responded to these gaps within its possibilities; for example through activities to enhance trade negotiations capacities in the WTO and other contexts. However, it was (and still is) a difficult and long catch-up process to reach the level of other nations, and there was (and still is) a strong need for further capacity building.

Contributions to an improved trade policy environment were sometimes hampered by insufficient implementation capacity at government level. In general, it seems that only parts of the GoB have understood their need for enhancing their capacity regarding trade policy formulation and trade negotiations.

The Participation of NSA in the trade policy formulation process was still in its infancy and institutes such as the EU-supported Bangladesh Foreign Trade Institute (BFTI), designed as the nation's prime trade-related think tank, are still not yet in the position to make a strong contribution.

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

There is documented evidence for diagnostic studies, needs analyses and similar studies in the area of trade-related transaction costs as outlined in the desk study. The EU's co-funding of the Bangladesh Investment Climate Fund (BICF), specifically the EU-supported trade logistics project, resulted in substantial improvements of customs procedures and systems. In the absence of other donors in this particular field, the EU's attribution is clearly given. For example, the time required for the clearance of goods was reduced from 6 days to 3 days; and the number of administrative steps required for the clearance of imported goods came down from around 40 to less than 20.

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

There is strong evidence for significant, attributable contribution of EU's support regarding the compliance with standards which have mainly been achieved as outcomes of BQSP and BEST. Improvements were notable in terms of food safety standards and activities towards international recognition through achievements in accreditation status of laboratories, and participation in International accreditation forums. GoB has by now started to address the whole value chain for shrimps and further improvements are expected for the future through the implementation of traceability systems. BEST also facilitated the participation of national representatives (including NSA) in international conferences on quality initiatives and standard setting.

The success factors were strong GoB interest and ownership, effective collaboration between GoB and the private sector, as well as the strong involvement of local consultants – a fact that contributed to consistency and continuity and increased the legitimacy of the approach. Having project staff embedded in the partner Ministries, who could then continuously bring certain issues back on the agenda, has been a particularly important advantage. Thorough needs assessments and baseline studies also contributed positively to relevance and ultimately effectiveness.

A good example for the long-term effectiveness is the lifting of 20%-testing-requirement for Bangladeshi frozen fish exports to the EU in November 2011 which had been imposed in the previous year. This

demonstrates high trust in the Bangladesh quality system regarding fishery industries which was achieved via the EU-supported improvement of Bangladesh's testing system through increasing laboratory capacity and efficiency and installing modern equipment.

However, also today the private sector still needs more understanding of the importance of compliance with standards. There is the need for more awareness rising and dissemination of information. Parts of the industry only see the costs of compliance but not the benefits. Other remaining issues include the necessity for the Ministry of Industry (MOI) to develop a national quality policy and the modernisation of BSTI and generally the establishment of an elaborated quality management system.

Evaluation Question 7: To what extent has the EU's TRA contributed to deepening regional economic integration?

During the evaluation period Bangladesh had not received targeted EU support to foster regional integration through the implementation of policy commitments at the national level given the limited significance of the 1985 established SAARC of which Bangladesh is a member. The EUD stressed the low significance of attempts at regional economic integration.

Unlike many other regional schemes in different parts of the world, attempts at regional economic integration in South Asia have made little headway in expanding trade within the region. Inter-regional trade today accounts for less than 5% of Southeast Asia's overall trade. By comparison, inter-regional trade among the ten members states of the Association of Southeast Asian Nations (established in 1967) currently stands at 25%.

In the Regional Strategy for Asia 2007-2013 "Regional cooperation in Asia" was identified as the first of three priority areas and some € 2.6 million were committed in 2007 for EU-SAARC Economic Cooperation. However, the cooperation never materialised because the SAARC Member States did not empower the SAARC Secretariat to sign the Financing Agreement.

Evaluation Question 8: To what extent has the EU's TRA support to trade development helped improving market access and investment climate?

The EU-co-funded Bangladesh Investment Climate Fund (ICF), implemented by IFC, has made significant progress in the implementation of an automated customs clearance procedure for imports.

The BQSP and BEST-supported National Institute of Textile Training Research and Design (NITTRAD) has been enabled to support the garments 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). But still more efforts are needed to increase competitiveness, for example in the areas of sales techniques and marketing.

Factors such as the improvement to customs procedures, strengthening of skills, qualifications and ultimately innovation in the garments sector as well as supply chain origin traceability of fish have the potential to contribute to better market access and increase in FDI, but there is currently no monitoring of these factors.

Export data for the RMG sector shows strong growth during the evaluation period. The volume of RMG exports more than doubled from US\$ 5.6 billion in 2003-04 to US\$ 12.5 billion in 2009-10. Exports of frozen shrimps and fish had grown almost continuously between 1995 and 2008 but dropped in the fiscal years 2008-09 and 2009-10.

Due to the attribution gap it is not possible to relate any growth directly to EU's interventions in any empirically sound manner.

Evaluation Question 9: To what extent has the EU's TRA mainstreamed poverty reduction in TRA design and implementation?

The desk study identified Bangladesh as one of the sample countries with the clearest evidence for an employment and gender focus in TRA-interventions. The field mission found further evidence for this finding. The approach to the employment agenda was two-fold:

First, BEST contributed to the application of the Bangladesh Labour Law and to improvements regarding compliance with international labour and social standards. Second, The EU-funded and ILO-implemented project “Monitoring and Assessing Progress on Decent Work” (MAP) has worked with government agencies, 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.

4.2 Other findings outside EQs

One aspect that is not directly covered by the indicators under Evaluation Question 3 but nevertheless important is the lack of coordination at project level. For example, currently BEST and TPSP overlap to some extent in several areas but institutionalised channels for collaboration and coordination do not exist. While this mainly related to the fact that the two projects are implemented by different agencies, it nevertheless constitutes a missed opportunity for the creation of stronger synergies.

5 Conclusions

The fragmentation of Bangladesh’s trade policy into export, import, investment, revenue and other policies – which are not mutually supportive – affected the entire spectrum of the EU’s TRA. On the one hand the EU has been trying to overcome this challenge by contributing to the design of a comprehensive trade policy (through BTSP and TPSP). This intervention responded to the GoB’s clear and undisputable need. On the other hand, high level institutional change is always hard to achieve given that any streamlining and simplification of policy-making and decision-making structures inevitably lead to competence and power struggles among the agencies involved. Consequently, while some stakeholders strongly supported involvement of the EU – usually those who were likely to gain from streamlining such as the Ministry of Commerce as the lead agency on trade policies – others were reluctant to render their full support to the process. This unclear situation and related delays in moving towards a comprehensive trade policy framework have wasted valuable resources and expert time provided by BTSP/TPSP. There can be no doubt whatsoever about the high quality of the project’s input mainly in form of high-profile studies (including well elaborated policy options and recommendations). However, the GoB has neither made efficient use of the support nor acted upon recommendations. These problems could have been avoided through a more thorough analysis of the dynamics of trade-related decision making. Such a baseline study might have provided a suitable basis for more targeted assistance.

While we are not suggesting that BTSP/TPSP failed to achieve tangible outcomes (ample evidence for effectiveness of several activities is presented throughout the report), the two projects stand in some contrast with BQSP/BEST which have resulted in clear and measurable (even in quantitative terms) improvements to the competitiveness of shrimps and garments as the main export sectors. The success factors – which were partly lacking in the case of BTSP/TPSP – were strong GoB interests and ownership, effective collaboration between GoB and the private sector and the strong involvement of local consultants. A further advantage has been the embedded presence of project staff in partner Ministries who have been able to continuously bring certain issues back on the agenda. Thorough needs assessments and baseline studies also contributed positively to relevance and ultimately effectiveness.

Of particular importance for TRA in Bangladesh is the support of stronger collaboration between GoB and the private sector and ideally the establishment of PPPs. EU’s TRA has made a strong contribution to this end, as one of the pioneers among development partners. However, results are mixed and depend very much on the level of local ownership. NITTRAD can be considered a best case scenario. It met the needs and demands of both the government and the private sector. BFTI provides a different picture. Both government’s and private sector’s buy-in to BFTI was low as neither rightly or wrongly perceived a strong need in having a high profile think tank in the area of trade policy.

6 List of persons met

Name	Position / Entity
Ms Sarwat Ahmad	GIZ
Mr Saleh Ahmed	National Project Director, Better Works and Standards Programme, Department of Fisheries, Ministry of Fisheries and Livestock
Mr Syed Arif Azad	Director General, Department of Fisheries, Ministry of Fisheries and Livestock
Ms Ferdaus Ara Begum	Chief Executive Officer, Dhaka Chamber of Commerce
Ms Hasina Begum	National Project Coordinator ILO
Mr Christopher Broxholme	Trade Policy Expert of Trade Policy Support Programme
Mr Amitawa Chakraborty	Additional Secretary & Director General (WTO Cell), Ministry of Commerce
Mr David Fenning	Team Leader, Trade Policy Support Programme
Mr Khandaker Rashidul Hasan	Project staff of Better Works and Standards Programme
Dr Franz Hengstberger	Project staff of Better Works and Standards Programme
Mr David Holbourne	Chief Technical Adviser, Better Works and Standards Programme (former Chief Technical Adviser of Bangladesh Quality Support Programme)
Mr Ghulam Hussain	Secretary, Ministry of Commerce
Ms Rubayat Jesmin	EU Delegation
Ms Monnujan Khanam	Embassy of Netherlands
Dr Nicole Malpas	EU Delegation
Mr Jean-Claude Malongo	EU Delegation
Mr Khondaker Golam Moazzem	Centre for Policy Dialogue
Mr Ashraful Moqbul	Senior Secretary, Ministry of Textiles and Jute
Mr Masrur Reaz	IFC Programme Manager
Mr Magnus Schmid	GIZ
Mr Masud Siddiqui	Secretary, Ministry of Industry
Ms Lenka Vítková	EU Delegation
Mr Shawkat Ali Waresi	Joint Secretary, Ministry of Commerce, former Project Director of Bangladesh Trade Policy Support Programme
Mr Zaki Uz Zaman	Head of UNIDO operations
Ms Farah Nayer Zabeen	Embassy of Denmark

*Thematic Global Evaluation of European Union's
Support to Trade-related Assistance in Third
Countries*

Field Visit Note

Country:
Cameroon

June 2012

Evaluation for the European Commission





Aide à la Décision Economique

Belgium



Particip GmbH

Germany



Development
Researchers'
Network

Italy



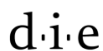
European Centre for Development
Policy Management

The Netherlands



Overseas Development Institute

United Kingdom



Deutsches Institut für
Entwicklungspolitik



German Development
Institute

Deutsches Institut für

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Framework contract for
**Multi-country thematic and regional/country-
level strategy evaluation studies and
synthesis**
in the area of external co-operation

LOT 1

**Multi-Country Evaluation Studies of Economic
sectors/themes of European Union's External
Cooperation**

Ref.: EuropeAid/122888/C/SER/Multi

Contract n° EVA 2007/Lot 1

Specific contract n° 2010/254070 and n° 2011/261-717

**THEMATIC GLOBAL EVALUATION
OF EUROPEAN UNION'S SUPPORT
TO TRADE-RELATED ASSISTANCE
IN THIRD COUNTRIES**

Field Visit Note

Country: Cameroon

June 2012

*This evaluation is carried out by
EGEval II/Particip GmbH*

Author: Hugo Hays, Eric Dibeu

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

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

1 Introduction

Particip/EGEVAL II has been contracted by the Commission to undertake the *Thematic Global Evaluation of European Union's Support to Trade-Related Assistance in third Countries*. Both, ACP and non-ACP countries, are covered by the evaluation (specific contract numbers EVA 2007 - 2010/254070 and EVA 2007 – 2011/261-717).

The main objective of the field phase was to complete the data collection undertaken during the desk phase and to contribute to answering the EQs. It aims at verifying, complementing, validating and/or revising the preliminary findings formulated in the draft desk report. Moreover, its objective is to test the hypotheses set forth during the desk phase. This Field Visit report is *neither* a country evaluation nor a self-standing impact evaluation, and does not intend to pass judgement on the performance of the EU Delegation to Cameroon, nor on its partners in Cameroon.

Cameroon was chosen as a field study country based on its high score on a number of criteria including 1) importance of regional integration in the TRA portfolio (assessment at national level), 2) importance of trade development and 3) importance of trade policy and regulation in the TRA portfolio. Moreover the final country selection was made in dialogue with the Joint Evaluation Unit. More detailed information on the scoring methodology and field country considerations can be found in the desk report.

This field visit report covers Cameroon, with regional consideration of CEMAC and to a lesser extent CEEAC. It is based on a field mission from 19th of June to 29th of June. The consultants would like to thank all those met for sharing their insights, views and experience with us. The list of those met can be found in chapter 6. The country field team assumes sole responsibility for the views, opinions and errors expressed in this report.

2 Short description of EU's support to TRA in Cameroon

The EU's support to Trade Related Activities in Cameroon is focused around several strategic areas, and two main modalities. On the one hand there is support to the Government of Cameroon (GoC) directly, in the form of the Programme d'appui et de soutien à l'accord de partenariat économique (PASAPE) and Programme d'Appui au Plan de Modernisation des Douanes (PAPMOD), and on the other hand, assistance is targeted directly at specific sectors within the private sector, that is the large scale banana producers and the much smaller cocoa and coffee producers (Programme d'appui au Conseil interprofessionnel du cacao et du café (PACICC) and ATF2007 programmes respectively).

During the evaluation period from 2004 to 2010, Cameroon received approximately € 22 million for TRA from the EU. It is important to note that in 2004 and 2005 no funds were dedicated to TRA and that the major aid flows started in 2007 only.

The four major programmes financed by the EU during that period covered various trade-related issues. The "Programme d'assistance technique et financière au secteur bananier 2007 (Cameroun ATF 2007) mainly focused on increasing the competitiveness of the export-oriented banana sector, while the PASAPE was meant to support the Government in the EPA-negotiations and to contribute to the effective monitoring of the EPA. At the same time the programme had the purpose to improve the competitiveness through capacity building in the private sector and by strengthening quality systems. The PACICC set its focus on strengthening producers' organisations and thereby increasing production and competitiveness in the cocoa and coffee sector. The fourth major TRA-programme, PAPMOD was clearly targeting the customs administration and an increase in the efficiency of customs services.

All programmes were still on-going at the time of the field visit and their achievements were therefore only partially monitored and assessed. Only the PASAPE and the PACICC had undergone monitoring missions. Both programmes were rated poorly due to major delays in the implementation and a lack of capacity and support by the Government and other concerned institutions/organisations. The ATF 2007 was based on the very positive experiences from previous ATF-programmes and was therefore expected to be highly relevant and contribute to developing the banana sector. The PAPMOD built on various diagnostic studies and assessments of the customs system in Cameroon. Therefore it was oriented along these results and recommendations and should respond to the correct needs and priorities. It remains open to which extent the programme will achieve its objectives.

Main evaluative focus:

<i>Title of the intervention</i>	<i>Committed amount for the intervention in €</i>
Cameroun ATF 2007	4.141.900
Programme d'appui et de soutien à l'accord de partenariat économique (PASAPE)	3.472.620
PROGRAMME D'APPUI AU CICC	2.805.524
Programme d'Appui au Plan de Modernisation des Douanes (PAPMOD)	1.526.702

3 Data collection tools and methods used

Prior to the field visit the country field team undertook a desk review of available literature on EU-supported interventions, Country Strategy Papers and National Indicative Plans covering the period 2004-2010. With regard to EU-funded interventions, four projects were selected which related to the Trade Related Assistance, these were: Programme d'Assistance Technique et Financière Au Secteur Bananier Cameroun 2007 (ATF 2007), Programme d'Appui et de Soutien à l'Accord de Partenariat Économique (PASAPE), Programme d'Appui Au Conseil Interprofessionnel du Cacao et du Café (PACICC), and Programme d'Appui au Plan de Modernisation des Douanes (PAPMOD).

In addition to studying the documentation, the team also interviewed key informants with relevant knowledge on the chosen interventions, as well as informants offering broader insights into the evolution of the trade and development sector during the evaluation period and the role and interactions between government, external development partners and NSAs. One group meeting was held at the DEU, and two group meetings were attended for obtaining an insight into the consultation between donors and the engagement with GoC officials, but otherwise the preferred interview methodology was individual in-depth interviews focused on the relevant EQs and the working hypotheses. A list of people met can be found in chapter 6. Data found to be of high relevance was verified with the different stakeholders to ensure validity and internal consistency.

Due to the relatively short field visit phase, it was not feasible to obtain the reaction from every possible stakeholder, therefore some generalisations have had to be made. However a reasonable sample of stakeholders was met. Prioritisation was necessary and the field team thus had no ambition of re-doing evaluations that had already been undertaken. Rather the team relied extensively on these evaluations and attempted to extract more general findings, trends and recurring themes that are of relevance to a broader audience. The dialogue with informants also centred around distilling broader lessons and themes, rather than focussing on the minute details of the selected projects. To reiterate, this report is thus not a judgement of the performance of individual projects, nor of the overall education portfolio of the EU Delegation. Rather it is an attempt to learn from the Cameroon experience and to encourage wider reflections on how best to structure and focus EU TRA.

4 Summary of main findings

4.1 Main findings related to the evaluation questions

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

Cameroon adopted a PRSP in 2003, this document having been produced within a World Bank programme which sought reforms as a condition for inclusion in the Highly Indebted Poor Country (HIPC) initiative. Cameroon succeeded in benefiting from the cancellation of a major part of its multi- and bi-lateral debt in 2006, after which the "Growth and Employment Strategy Paper" (DSCE in French) was developed by Cameroon for the period 2010-2020. It was based on the document "Cameroon Vision 2035" also developed by GoC with country-wide representation, whose overall objective is to make Cameroon an emerging country over the next 25-30 years. The Vision also has medium-term objectives, notably: (i) poverty alleviation; (ii) becoming a middle income country, (iii) becoming a newly

industrialised country and (iv) consolidating democracy and national unity while respecting the country's diversity.

The implementation of the "Growth and Employment Strategy Paper", focuses on implementation at national level, and is not subject to any engagement with donors. The EU designed its interventions around the priorities set out in the original PRSP, and has welcomed the DSCE document as providing a framework for further alignment between EU and GoC priorities. It is expected that the EU will base its future programmes on the DSCE. There thus existed a high degree of relevance and alignment between the programmes of government in the Trade sector, and the particular projects that were supported by the EU during the period under review.

Aspects of the all the TRA related EU projects can be linked to one of the priorities set out in the PRSP, especially priority 2 (diversification of the economy to boost growth), priority 3 (Strengthening the private sector as the engine of growth), priority 6 (strengthening and human resource development), and priority 7 (improving governance, efficiency of administrative services and institutional framework). There was consensus amongst all interviewees that EU projects were always formulated with strong Government involvement. While there is thus high alignment of EU's interventions to GoC's priorities, it is not self-evident that GoC has been fully capable of aligning *its* implementation strategies and execution in a way that has advanced trade related outcomes. It must be said also, that the DSCE is a very general document that gives overall objectives in several sectors, but does not reach a level where implementation guidelines or details are set out. Gaps therefore exist, regarding the implementation of projects aiming to fulfil the goals set out.

In relation to the individual projects, the technical and administrative provision (TAP) of the ATF 2007 referred to the importance of banana in the country's agricultural policy and the ATF as a major instrument in the restructuring of the agricultural sector. One activity (extension of plantations) was related to the national development strategy for the banana sector.

The PASAPE was clearly related to the priority intervention sector (regional integration and trade) as mentioned in the CSP which has been agreed with the government. The programme corresponded to the country's needs for being well prepared for the regional EPA negotiations.

The PACICC was coherent with the rural development policy of the GoC. The support of the CICC corresponded to its status being the sole representative of the coffee and cocoa sector (accorded to this institution by law).

The PAPMOD followed recommendations given by the country's Commission for Fiscal Reforms for the modernisation of the customs and is aligned with the PRSP.

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

Cameroon only received EU support in the form of projects, and TRA since 2007, as it has not yet qualified for GBS or SBS. Anecdotally, the interviews carried out validate that there is still weak absorption capacity as yet for SBS. The project modality has been employed as well as ACP-wide programmes of Hub and Spokes and TradeCom. Decentralised project management has been applied to the PACICC, PAPMOD and to the PASAPE programmes, with good results except in the latter which suffered due to lack of flexibility.

As a perception, there was a certain wariness in Cameroon towards SBS as it would imply vigorous reform of GoC's financial systems. The perception is that since Cameroon only receives a limited amount of external aid as a proportion of its GDP, it is not worthwhile to go through the effort of adapting.

Evaluation Question 3: To what extent has the EU'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?

In Cameroon, the EU has coordinated its TRA assistance well. It led the GEC (Group Economy and Commerce) within the multi-partner committee, which grouped together some 20 donors including Member States. The GEC's function was to serve as a platform for exchange of trade and private sector

development. In addition, the EUD was in the lead for the trade sub-group. However, information exchange remained on a formal level and targeted mainly strategic decisions and less operational issues.

EU Member States (EU MS) which had some TRA in Cameroon during the evaluation period were Germany and France. Spain, United Kingdom and Italy also had representation in Cameroon. However, there were apparently not many overlapping areas of activity which would have need coordination.

The PASAPE Steering Committee was explicitly open to other donors intervening in the sector, and donor coordination was well considered in the project design. However, the Steering Committee has met only once in two years. For the PACICC, information regarding the coordination between donors was not readily available.

In terms of coherence, a contradiction was raised regarding the EU's TRA support for the banana sector in Cameroon, which was ultimately seen as wasted due to the structural (geographic) lack of global competitiveness of the industry and unrealistic expansion plans for the sector, whilst at the same time the Cotonou agreement has led to decreasing tariffs for much more favourable production areas in Latin America. In general the issues surrounding EPA negotiations were contentious and Cameroon seems to feel they have been forced into a negotiating corner, where it depends on the regional partners in CEMAC signing also, although they have little interest in abandoning the existing favourable regimes (Everything But Arms and Most Favoured Nation).

There have been few efforts invested in coordinating or complementing regional and global TRA initiatives with national level TRA. While the counterfactual issue of what would have happened, had the EU in Cameroon invested more resources is difficult to assert, it would seem that there have been few obvious opportunities for synergies missed. Moreover there has been limited demand from the national counterparts for engaging in regional and global TRA initiatives and hence the EU has focussed on those areas where such demand was well-articulated (e.g. banana, coffee and cocoa sectors, economic studies, quality infrastructure reinforcement and customs).

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

The main project dealing with trade policy was PASAPE, which due to delays in its implementation, has caused frustration at GoC level. Although the studies and trainings carried out were highly valued, impact was yet limited. Capacity for analysis and setting of trade policy negotiating positions has been enhanced, as evidenced by the position taken by GoC in detailed argumentation taking place at the level of EPA negotiations. The Chamber of Commerce Business Environment survey showed that there was a perception amongst the business sector that there were still major challenges in the business environment. However the chamber of commerce also pointed out that interaction with GoC has improved in the area of economic and trade policy. The National Authorising Officer (NAO) also noted that the business environment has improved, in terms of engaging with the GoC. Motivation for delivering trade policy and its adoption at GoC was weak, and interaction systems between GoC and the private sector were insufficient to generate a strong trade policy reform initiative. Interaction with other NSAs was minimal showing the need for institutionalised exchange to get a wide range of NSA on board. The assistance provided by the PASAPE to development of standardization and quality control, as well as to the increase of competitiveness of SMEs, is very likely to bring good results in the future as it has been reasonably well implemented. However, this will be a longer term effect which was not yet evident during the evaluation period.

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

The EU's TRA to trade facilitation in Cameroon has covered two main areas, which were reinforcement of Customs procedures and the development of the quality standardisation and control in the shape of the National Standards Agency (ANOR). Several studies carried out in the light of adaptation to EPA context highlighted system inefficiencies and pointed out the areas which needed to be addressed. Although there have been delays in project execution, trade was facilitated through the setting up of transparent, practical, measurable systems at customs, such as customs automation, and the implementation of certification of quality management in companies. The latter also set a strong base for development of good business & quality management practices.

Because most of the support in this area has been organised for the latter period under review, there were not many indicators of success so far. Indications from the customs sector showed that the assistance was very welcome, but that it did not fully address issues of equipment/hardware funding.

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

EU's TRA in Cameroon has been targeted at the initial stages of building up a quality infrastructure system which was not there in the first place. Assistance has been instrumental in establishing ANOR. Effectiveness of TRA has been hampered by delays and complicated interaction with Government due to disaggregated and ineffective control structures. EU's TRA has not yet dealt sufficiently with SPS matter management constraints, which remained a very ineffective area.

Assistance has mainly been in the form of capacity building (training). The equipment component has been seen as lagging behind and insufficient, also by the private sector. Four private sector laboratories have already been assisted with pre-accreditation consultancy.

Regular attendance of international standard setting body meetings has remained the same or slightly increased, however there was little prior preparation and post meeting feedback, with minimal intervention during the meetings. Approval and adoption of standards was mainly done through transposition of international ones, and only one quarter of the standards approved have become technical requirements.

The exporting private sector was mainly already complying with standards, as per their client's demands. To demonstrate compliance, they were forced to use foreign Conformity Assessment bodies. There was a fairly low general level of awareness of standards at Government level.

In summary, there was very little participation by Cameroon in the effective design and compliance with standards. Conformity assessment was hampered by the low level of the national quality infrastructure availability, which EU's TRA is slowly beginning to engender.

Evaluation Question 7: To what extent has the EU's TRA contributed to deepening regional economic integration?

Several overlapping mandates for regional organisations complicated regional integration in the Central African region. As Cameroon was not the seat of the main regional grouping CEMAC, very little information could be obtained regarding the regional programmes. Little impact was seen from regional programmes at national level. The EU was the most important point of reference for the region. Cameroon was the main player in the region (it counts for 50 % of the population, GDP and trade volume) and led on regional integration initiatives at CEMAC level. EU TRA support was complicated by overlapping regional economic communities (RECs), lack of intra-regional trade, weak and unclear mandates of CEMAC and CEEAC. 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.

Evaluation Question 8: To what extent has the EU's TRA support to trade development helped improving market access and investment climate?

Lack of significant improvement of business climate has hampered growth in foreign direct investment (FDI). Goals set out in the DSCE are seen as too ambitious and general.

The banana sector has retained its share on the EU market, mainly through structural and quality management improvements, and is now exploring other markets.

There is a need for programmes to be focused more on the whole value chain, rather than on production only.

The business sector demonstrated frustration by the need to always engage with EU development assistance via government bodies. Furthermore, the private sector cited lack of effective access to finance as a continued constraint.

In summary, EU's TRA has had some impact in increase of productivity and improvement of quality and coordination of producers, however more time is needed to see longer term effects such as an improved

business climate (which depends on many factors other than trade development), and greater emphasis must be placed on trade promotion.

Evaluation Question 9: To what extent has the EU's TRA mainstreamed poverty reduction in TRA design and implementation?

Poverty aspects have been poorly monitored at the intervention design and the implementation stage. In general, poverty reduction has been stated as an overall objective of interventions, but no adequate or specific indicators were defined or monitored. Nevertheless EU's TRA interventions, in alignment with the DSRP (Document de Stratégie de Réduction de la Pauvreté) have contributed to increasing trade and hence reducing poverty, however it is difficult to attribute by how much. Proving causation between trade reforms and poverty reduction is notoriously hard, but better documentation of poverty impact could have been applied.

The general implicit assumption is that poverty in the country will be reduced by accelerating economic growth. Monitoring and associated indicators tend not to be able to causally link TRA with poverty reduction. It must be noted also however that other EU Member States are cooperating with Cameroon in the support of the social aspects of development.

4.2 Other findings outside EQs

Although not covered by this evaluation, it has to be recognised that the main support from the EU to Cameroon was in the form of infrastructure development, mainly roads and railways, but also customs posts and cross-border facilities. However, when investigating the interaction that this assistance might have with TRA, it appears that the EU was not fully considering the implications for trade facilitation which improved communications bring. In other words, the road-building/reinforcement projects did not integrate with the TRA objectives, losing out on potential synergies. As an illustrative example, the infrastructure projects of the African Development Bank incorporated surrounding social and trade aspects in their projects, such as the building of market places, schools and improvement of telecommunication infrastructure. It would have made sense for the EU to embrace a more holistic analysis of potential benefits and synergies that surround infrastructure support programmes.

An interview with ACDIC, a consumer rights organisation, highlighted that there was very little interaction between the NSAs (other than private sector) and the government. Nevertheless their voice was strong and increasingly being taken into account, for example in the case of frozen chicken which was being imported from Brazil, in substitution of local producers, with subsequent market collapse.

5 Conclusions

Cameroon is a complex country, with a wide diversity of cultures, languages, geography and natural resources. It is surrounded by countries which are less developed than their neighbour, and who tend to trade "away" from the region. The strong market of Nigeria has up until now been side-lined in favour of Europe. EU's TRA has the potential to have a very strong impact on trade in Cameroon and the region, however political, social and physical limitations loom large. Corruption at government and business level, especially at customs, is an obstacle. Apart from these limitations, Cameroon is concerned about being manipulated by EPA negotiations which if not carefully considered, are potentially harmful for Cameroon. Since 2009 little progress has been made towards the signing of the final EPA, and this backdrop creates uncertainty about future trading conditions, potentially limiting FDI. With this scenario, the EU has done remarkably well in implementing the programmes associated to TRA in the evaluation period. Whilst initially the projects tended to interact with the private sector more, the more ambitious programmes dedicated to increasing business competitiveness, establishing a standardisation body, and assisting in the reinforcement of customs have potentially lasting consequences, in changing the mentality of officials. For example several officials complained about the complicated EDF procedures – but simultaneously admired their transparency and diligence, suggesting that similar systems should be in place at government level.

In terms of the projects carried out, their impact in general has been strong. However it could be argued that the focus has been almost exclusively on exportable products, rather than focusing for example on helping the massive number of farmers who grow products for local consumption and which can be assisted to become sufficiently competitive to substitute imports. The support to the banana sector is

especially flagrant, as it affected a very small number of families (12,500), whereas cocoa production for example affected 600,000. Regarding SPS/TBT compliance, a major overhaul of the existing system needs to be carried out. The national quality infrastructure will also require heavy investment over the next few years, but is an essential component of building national capacity to produce efficiently, safely and with quality.

For the next few years, although budget support is not yet envisaged, much closer cooperation is predicted, as the EU agreed to adopt the national “Vision 2035” document and its strategy, the DSCE, giving a boost to stakeholder buy-in of programmes. PASAPE, which was considered a pilot programme, will be followed up with the PAPDEP programme. On the regional scene, stronger involvement depends on the will of the member states of CEMAC to further champion regional integration.

6 List with persons met

Name	Position / Entity
ABDOULLAHI Aliou	CDE, Chef du Bureau Régional
BARICAKO Joseph	CEA, Economiste
DIOMEDI Massimo	DUE, Chargé d'affaires économiques
EGEA Alexandre	AFD, Directeur adjoint
ELOMBAT Chantal	MINEPAT, Directrice de l'Intégration Régionale
JEANGILLE Paul	ATF, Assistant technique
KANE Racine	BAD, Représentant résident
KENZARI Sghaler	ONUUDI, Conseiller technique du Programme pilote d'appui à la mise à niveau, à la normalisation et la qualité - PPMNAQ
KOMBO Thomas	CAON, Chargé de Programmes Macroéconomie & Finances publiques
KOYASSÉ Faustin	BM, Économiste principal
MANI Jean-Blaise	ANOR, Directeur général adjoint
MBARGA Emmanuel	MINCOMMERCE, Chef de Cellule de la Coopération commerciale, Point focal de l'OMC, point focal Hub & Spoke (Francophonie)
MINDJOS Momeny	MINMIDT, Chef de division de la normalisation et de la qualité
NEUBERT Joel	DUE, Section infrastructures
NJONGA Bernard	ACDIC, Président
OWONA KONO Joseph	Association camerounaise de la banane / ATF Banane, Secrétaire exécutif
SCHLEIFFER Michel	DUE, Chargé de programmes Développement rural
SCHROTER Clemens	DUE, Chef de section Economie, Commerce, Gournance
SIMO Régis	CICC, Ex-Directeur administratif et financier
TANA Alexandre	DGD, Inspecteur principal des Douanes, Directeur du Projet, Projet d'appui à la modernisation des Douanes (PAPMOD)
TIDIANE WADE Oumar	MINEPAT
TOKAM Alain	Biropical, Directeur administratif et financier
TOMMY Delphine	DUE, Chargée de programmes Commerce et Secteur privé
YEMENE Samuel	CCIMA Représentant régional Centre

*Thematic Global Evaluation of European Union's
Support to Trade-related Assistance in Third
Countries*

Field Visit Note

Regional Organisation: COMESA

August 2012

Evaluation for the European Commission



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**THEMATIC GLOBAL EVALUATION OF
EUROPEAN UNION'S SUPPORT TO
TRADE-RELATED ASSISTANCE
IN THIRD COUNTRIES**

Field Visit Report

Regional Organisation: COMESA

August 2012

*This evaluation is carried out by
EGEval II/Particip GmbH*

Author:

Dr. N. Charalambides

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

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

1 Introduction

Particip/EGEVAL II has been contracted by the EU to undertake the *Thematic Global Evaluation of European Union's Support to Trade-Related Assistance in third Countries*. Both, ACP and non-ACP countries, are covered by the evaluation (specific contract numbers EVA 2007 - 2010/254070 and EVA 2007 – 2011/261-717).

The purpose of the note is to summarise the findings from the field mission covering COMESA that will feed into the synthesis report. This note is *neither* a country evaluation nor a self-standing impact evaluation, and does not intend to pass judgement on the performance of the EU Delegation to Zambia, nor on its COMESA partners.

In terms of priorities for support from the RISP, most support has been for consolidation of the FTA and the development of the Customs Union (this includes support to trade in services and competition policy); trade negotiation capacity including the member states; and support to the Secretariat directly including co-ordinating, managing and monitoring resources. Relatively little has happened in other result areas such as standards and regional-national co-operations institutions.

The field visit was undertaken between the 3rd and the 14th of July 2012. The field visit addressed both COMESA and Zambia. The consultants would like to thank all those met for sharing their insights, views and experience with us. The list of those met can be found in chapter 6. The country field team assumes sole responsibility for the views, opinions and errors expressed in this report.

2 Short description of Commission's support to TRA in COMESA

According to the regional strategy evaluation (RSE) for COMESA, “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” and “the EU 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”.

Three support programmes were/are implemented with budgets of € 75 million, € 33.5 million and € 50 million. This shows the broad support of the EU to COMESA in regional integration. The projects aimed at deepening regional integration and assisting COMESA member states to adjust national policy to regional commitments. The overlapping memberships in different regional organisations were mentioned as main problem. This caused frictions in coordination and in proceeding towards customs unions and free trade markets. RISM is still on-going as well as RISP 2, which is the continuation of the RISP programme.

Main evaluative focus:

<i>Title of the intervention</i>	<i>Committed amount for the intervention in €</i>
Regional Integration Support Programme (RISP)	33,500,000
Regional Integration Support Programme 2 (RISP2)	50,000,000
Regional Integration Support Mechanism (RISM)	74,788,292

3 Data collection tools and methods used

Prior to the field visit the country field team undertook a desk review of available literature, both specific to EU-supported interventions, as well as broader documentation regarding other development partners, as well as the overall evolving status of the TRA in the COMESA region during the evaluation period.

During the field mission semi-structured interviews were conducted at the EU Delegation and the COMESA Secretariat in Zambia – with officials (Directors, Assistant Directors, Senior Officers and Technical Officers). Interviews focused on EQs 1, 2 7 and 9. EQs 3, 4 5, 6 and 8 are addressed mainly through secondary literature provided by stakeholders during the field visit. EQ 8 is only partly applicable to COMESA. And not all JC are explicitly addressed given the coverage of the desk phase and limited time available for the field visit.

Because of the wide range of result areas for the programmes and the nature of support – via a CA – interviews were focused on key areas relating to the EQs of main priority for COMESA. Several stakeholders provided the evaluators with extensive additional documentation in addition to the material that had been available for the desk study.

4 Summary of main findings

4.1 Main findings related to the evaluation questions

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

The key priorities of COMESA “are fully reflected and fall under the focal sector of the EU Strategy” (RSE 2008). The RISP programmes supports the integration agenda and activities of COMESA as well as the IOC and EAC and provides a strong co-ordinating role with the regional integration process¹.

EU TRA has maintained relevance because it has supported the COMESA through a CA (CA) and because COMESA has had the technical capacity to identify the needs for regional integration, including at the level of their member states. The regional strategy paper (RSP) and the regional indicative programme (RIP) identify challenges for the implementation of, and adjustment to, regional integration and provides resources to contribute to mitigate them. For example the RISM directly relates to the implementation of a (overambitious) customs union agreed in treaty.

COMESA qualified for the CA in 2004. The RISP was the first use of a CA as an implementing modality. RISM was initially a programme that was handed over to the COMESA Secretariat through a CA. Activities and budgets are agreed in an annual review of benchmarks and logframe indicators on the basis of which an annual work plan is drawn up.

The CA has improved predictability and ownership. It has made an important contribution to the strengthening of COMESA's planning and implementation systems, and has promoted good governance because international standards have to be applied and enforced if COMESA is to maintain its status and keep hold of the CA – this creates the strong incentives for improved governance.

Monitoring and evaluation (M&E) is an area where it is recognised that improvements need to be made. The challenges are various. Firstly, in some cases M&E has been missing, for example for the RISP in the initial stages. Secondly, there are multiple M&E systems with different templates for different programmes. USAID is providing support in this area and COMESA aims to become ISO certified. Thirdly, at strategic level, the link between the work plans and the indicators are not explicit and the link to the member states in terms of implementation needs to be made; the indicators for the Medium Term Strategic Plan (MTSP (2010)) need to be improved.

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

Assessing whether modalities and channels are appropriate needs to be looked in different ways. Firstly, given the clear road map to a common market already identified and the relatively strong core technical competence, the use of a CA agreement was appropriate in that direction and activities to support were already established in broad terms. Secondly, in terms of ability to manage the agreement, COMESA was subject to a four pillar assessment – it was the only organisation in the IRCC to be approved. Disbursement has been high, at over 90%. However, there are continuing concerns over the weakness in M&E.

In terms of RISP support to national policy development and implementation regarding regional integration, the NDTPF has encouraged greater ownership and reduced transaction costs where it has been successful, but successes have been limited and the capacity of the forums has been overestimated or not been considered.

¹ The IRCC is subject to a separate evaluation.

Evaluation Question 3: To what extent has the EU'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?

The machinery of EU – ACP co-operation is well established. And the key issue of the EPA was an important component of support to COMESA – the main result area relating to the EPA accounted for nearly a quarter of all RISP funding. With regards to design, under the RISP and the RISM support is a part of the COMESA Work Plan, which is in turn shaped by COMESA's Strategic documents and encompassed with the RSP.

Support to the EPA was a key component of the RISP under result area 2 in particular which accounted for 24% of RISP total expenditure. According to the mid-term review of RISP 1 the CA supported the development of the COMESA policy and strategy on gender. The EPA negotiations have furthermore provided an important forum for policy dialogue with COMESA member states.

Deeping regional integration is a key development and trade related policy, and the creation of the IRCC to provide for co-ordination in support to COMESA, EAC, IGAD and the IOC is a significant operational contribution to address the overlapping membership issue that is seen to be negatively affecting integration in the region.

The use of the CA, the importance of the EU as a donor in TRA, and the well articulated strategies of COMESA has placed the secretariat at the centre of the co-ordination. Co-ordination is therefore as much through the operationalization of support as through specific measures by the EC². The facts that the CA supported the COMESA work plan and the RISP work plans were developed with the COMESA Secretariat not only provide a framework for donor co-ordination but also for information and policy analysis sharing.

There are clear synergies with EU Member States' (EU MS) TRA at the regional level. The main EU MS programme is the RTFP/TradeMarkSA programme of DFID. While the RTFP has operated across the REC to address some of the challenges of overlapping membership, the EU TRA has supported these efforts through supporting experts within the Secretariat and providing sensitisation and training at COMESA MS level.

In interview, the Secretariat noted that donor co-ordination is managed in the context of resource mobilisation and there is not a system in place for donor co-ordination. The main challenge is with regards to cross cutting issues, with some units overfunded – other units underfunded.

As noted, COMESA proactively seeks assistance in areas where development partners (DPs) have specific programmes that address COMESA needs. However a key mechanism for co-ordinating the national and regional programmes and amongst donors, the National Trade and Development Policy Framework has not been supported to any great degree.

No inconsistencies could be found regarding global programming on one hand and regional/national programming on the other.

However, formal mechanisms to facilitate systematic coordination of TRA interventions among the Delegations in the region are either non-existent or insufficient.

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

The RISP has supported a range of initiatives to enhance the trade policy environment, from competition to IPR to standards though support in this area has not been a priority in terms of expenditure. A greater focus was given to developing capacity for the negotiation and implementation of EPAs. Here the results are mixed. While an Interim EPA has allowed trade to continue uninterrupted, there are many issues to be addressed before a full EPA could be considered for signing.

Capacity has increased, in part through training but in part through the process of engagement via the negotiations. Institutional development in terms of a regional negotiating forum and national fora for consultations have also been supported by the RISP, and have contributed to the development of regional interest – as opposed to purely national positions developed in the context of COMESA agreements. In

² J.B. Mackie and others, 'Joining up Africa Support to Regional Integration (Discussion Paper 99)' [2010] notes that for the challenge of co-ordination to be met, shared operational structures and mechanisms for support need to be developed.

several middle income countries, commentators have noted that development policy now incorporates trade as an integral part while this is not so wide spread amongst LDCs.

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.

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

Support to trade facilitation via the RISP has not been a focal area. Intervention has largely been through policy – supporting the implementation of Rules of Origin, the adoption of the WTO Valuation Code, the operationalization of the NTB MM in COMESA and in the future via the Tripartite. It has also supported the implementation of computerised customs administration. It has not generally addressed capacity building or institutional issues. The latter have been supported under, inter alia, the north-south corridor. The extent of its contribution to trade facilitation is limited to helping to create the right policy framework.

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

Support to SPS / TBT has accounted for less than 4% of RISP expenditure. The contribution to TBT has been to establish a framework for harmonizing standards, not just within COMESA but also with EAC and SADC. 305 regional standards were adopted and a further 244 in preparation by the end of RISP I. In the area of SPS, the RISP complemented other programmes through the provision of consultation/sensitization including public private dialogue.

Support to the TFTA could be important for the future through providing an instrument for harmonizing SPS and TBT across regional organisations.

Evaluation Question 7: To what extent has the EU's TRA contributed to deepening regional economic integration?

As noted in the desk phase, COMESA has a comprehensive and detailed road map for a common market. The RISP is a subset of the COMESA work plan, and support has included the provision of resources for exports, institutional development and for sensitization, consultation and training of stakeholders in member states.

The RISP has supported the deepening and widening of regional integration in a wide range of areas. Probably the most important direct impact has been from the expansion of the FTA from 11 to 14 members, accompanied by an increase in trade. Other successes have included the consolidation of rules of origin and the development and implementation of a regional competition policy with national implementation in many member states. The support to the Tripartite negotiations have created an opportunity to mitigate the problems of overlapping membership. And the negotiation of an ESA EPA has prevented the disruption of market access to the EU for the countries concerned. The machinery and regulation to try and address NTBs has been supported by the RISP, and the national institutions are in place and operational for most member states. It is suggested they are beginning to yield some results though too slowly and too few. This has led to the RISP supporting the development of compliance legislation on NTBs, which has also been adopted as an annex for the Tripartite.

A very significant innovation has been the development of the COMESA Adjustment Fund, supported by RISM, which 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.

However, progress in CU and Investment has been slower than planned. With regards to the CU, questions have been raised as to whether this was over-ambitious and represents a failure of planning – the level of ambition was a matter for dialogue between COMESA and Co-operating Partners. This over-ambition also has consequences for the RISM – which has had to be redesigned to allow for a wider range of adjustment needs given the delays in the adoption of a COMESA CET.

For this EQ, an important aspect of the field visit was the challenge of implementation at national level and the steps being taken by the Secretariat, supported through the CA, to address this. The problem of the lack of 'domestication', or transposition, 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 was an opportunity wasted.

Evaluation Question 9: To what extent has the EU's TRA mainstreamed poverty reduction in TRA design and implementation?

Much of the sustainable development agenda is addressed by COMESA programmes supported by the EU. 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. Labour standards are supported under the “War Economy” programme, with the development of a “Regional Code of Conduct for Corporate Governance for the Great Lakes Region”

4.2 Other findings outside EQs

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 the member state involvement in staff selection might lead to reduced independence of the secretariat.

5 Conclusions

COMESA qualified for the CA in 2004 with the RISP and the RISM). The CA has improved predictability and ownership. It has promoted good governance because international standards have to be applied and enforced if COMESA is to maintain its status and keep hold of the CA – which creates the strong incentives for improved governance. And EU TRA has made an important contribution to the strengthening of COMESA's planning and implementation systems. However, there are various challenges in the area of M&E. In some cases M & E has been missing for RISP activities, in others Donors have imposed multiple systems. And at strategic level, the link between the work plans and the indicators are not explicit, and the link to the member states in terms of implementation needs to be made.

Given the clear road map to a common market already identified and the relatively strong core technical competence of the Secretariat, the use of a CA agreement was appropriate. And in terms of ability to manage the agreement, COMESA was subject to a four pillar assessment.

In addition, the CA provided a framework for donor co-ordination and also for information and policy analysis sharing. The uses of the CA, the importance of the EU as a donor in TRA, and the well-articulated strategies of COMESA have placed the secretariat at the centre of the co-ordination. Co-ordination is therefore as much through the operationalization of support as through specific measures by the EC. There has also been complimentary between the RISP and Member States TRA at regional level. While Member States programmes have identified challenges for the region as a whole – including overlapping membership – the EC has supported experts at the Secretariat and has provided sensitisation and training at COMESA MS level, often of work initially developed through MS TRA.

In terms of results, probably the most important direct impact has been from the expansion of the FTA from 11 to 14 members, accompanied by an increase in trade. Other successes have been in the areas of rules of origin, regional competition policy and national implementation in many member states. The support to the Tripartite negotiations has created an opportunity to mitigate the problems of overlapping membership. And the negotiation of an ESA EPA has prevented the disruption of market access for middle income countries. The RISP has supported the development of the machinery and regulation to

try and address non tariff barriers (NTBs), and the national institutions are in place and operational for most member states. The RISP was also supporting the development of compliance legislation on NTBs, which has been adopted as an annex for the Tripartite.

A critical challenge was implementation of regional commitments at national level. Support of the RISP and RISM, in co-ordination with other international co-operating partners, were important in addressing this issue. Under the RISP, a monitoring process has been developed to assess implementation/transposition of decisions and regional regulations, accompanied by monitoring missions to member states by the Secretariat. The RISP has also supported National Trade and Development Policy Forums that have 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.

6 List of persons met

Name	Position / Entity
Eric Beaume	Head of Operations, EU Delegation
Vikramdityasing Bissoonauthsing	Coordinator and Head of IRCC Secretary, Inter-Regional Coordinating Committee
Brian Chigawa	Director (Division of Legal and Institutional affairs) COMESA
Daniel Hrtado Dominguez	First Secretary Head of Section - Regional Cooperation, European Union
Cissy A. Kirambaire	Monitoring and Evaluation Expert, COMESA
Eloi m Kwete	RISP Coordinator, COMESA
Ville Luukkanen	Counsellor (Economic Growth, Private Sector Development), Embassy of Finland
Ute Maass	Third Secretary Development Cooperation and Trade, Embassy of the Federal Republic of Germany
Francis Manageni	Director of Trade Customs and Monetary affairs, COMESA
Odette Mukazi Mutanguha	Civil Society Private Sector Manager, COMESA
Tasara Muzorori	Senior Trade Officer, COMESA
Victoria Mambwe Mwewa	Director of Administration, COMESA
Suzanne Parkin	Private Sector Development Adviser, DFIP (department for International Development)

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Support to Trade-related Assistance in Third
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Field Visit Note

Country:
Côte d'Ivoire

July 2012

Evaluation for the European Commission



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**THEMATIC GLOBAL EVALUATION OF
EUROPEAN UNION'S SUPPORT TO
TRADE-RELATED ASSISTANCE**

IN THIRD COUNTRIES

Field Visit Note

Côte d'Ivoire

July 2012

*This evaluation is carried out by
EGEval II/Particip GmbH*

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

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

1 Introduction

Particip/EGEVAL II has been contracted by the European Commission to undertake the *Thematic Global Evaluation of European Union's Support to Trade-Related Assistance in third Countries*. Both, ACP and non-ACP countries, are covered by the evaluation (specific contract numbers EVA 2007 - 2010/254070 and EVA 2007 – 2011/261-717).

The main objective of the field phase was to complete the data collection undertaken during the desk phase and to contribute to answering the Evaluation Questions. It aimed to verify, complement, validate and/or revise the preliminary findings formulated in the draft desk report. Moreover, its objective was to test the hypotheses set forth during the desk phase and to exemplify results and impacts of EU's TRA support.

The purpose of the note is to summarise the findings from the field that will feed into the synthesis report. This note is *neither* a country evaluation nor a self-standing impact evaluation, and does not intend to pass judgement on the performance of the EU Delegation to Côte d'Ivoire, nor on its implementing partners in the country. It is based on a field mission from 25 June to 30 June.

Côte d'Ivoire (CIV) was chosen as a field study country with a TRA focus on trade development (AfT category 2) in "traditional" sectors in a fragile environment. CIV provides evidence for productive sector support and the reduction of supply-side constraints with the aim to increase trade on the basis of enhanced supply capacity. To a large extent, it reflects the effects of support to trade development as "non-core" TRA³. Moreover, CIV was one of the few ACP countries having signed an (interim) EPA agreement in December 2007. It provides a good example for TRA programming in the aftermath of EPA signature focussing trade policy and regulations (AfT category 1). The field country selection was made in dialogue with the Evaluation Unit and the Evaluation Reference Group of the European Commission. More detailed information on the scoring methodology and field country considerations can be found in the desk report.

The Consultant would like to thank all those met for sharing their insights, views and experience with us. The list of institutions and persons met can be found in Chapter 6. The evaluation team assumes sole responsibility for the views, opinions and errors expressed in this report

2 Short description of EU's support to TRA in Côte d'Ivoire

CIV has been benefitting from TRA throughout the entire evaluation period which was not halted even during the periods of political instability between 2002 and 2007 and in 2010. Until 2009, one focus of TRA in CIV was on supporting traditional commodity trade, namely in the banana, cotton and sugar sector. Another focus of TRA was on supporting the enhancement of trade negotiation capacities.

With the decision to support trade and regional integration of the country towards the end of the evaluation period, trade policy support and facilitation came to the forefront of TRA in CIV. This focus reflects to introduce the required reforms and adjustments to comply with the stipulations of the EPA agreement.

³ I.e. TRA which is embedded in (other) sector support programmes, in the case of Côte d'Ivoire the agricultural sector, as compared to TRA focusing on the AfT Categories 1 and 2, namely trade policy and regulation respectively trade development.

Main evaluative focus:

<i>Title of the intervention</i>	<i>Committed amount for the intervention in €</i>
Cadre Spécial d'Assistance en faveur des fournisseurs traditionnels de bananes- Côte d'Ivoire-2007	3,308,865
Mesures d'accompagnement 2007 en faveur des pays signataires du protocole sucre - Côte d'Ivoire	1,652,635
Appui regional à l'integration (PARI) – UEMOA phase 2	607,819
Programme d'Appui au Commerce et à l'Intégration Régionale (PACIR)	11,122,979
Programme Qualité Afrique de l'Ouest – Appui à la compétitivité et à l'harmonisation des mesures OTC et SPS ⁴	

3 Data collection tools and methods used

Prior to the field visit, a desk review of available literature was undertaken, both specific to EU supported interventions, as well as broader documentation regarding other development partners, as well as the overall evolving status of the TRA in Côte d'Ivoire during the evaluation period. More specifically, the field visit preparation was based on an assessment of:

- National Indicative Programmes (NIPs)/Country Strategy Papers (CSPs) covering the 9th and 10th EDF programming cycle (namely 2001 – 2007 and 2008 – 2013);
- Annual Action Plans (AAPs) programmed under 9th and 10th EDF related to the actions covering the main TRA interventions as presented above;
- AAPs programmed under thematic budget lines mainly;
- Result Oriented Monitoring (ROM) Reports made available by the EU Delegation towards the end of the field mission

For the case of CIV it has to be stated though that, in general, the availability of specific project information, such as monitoring/evaluation reports, survey information etc., was rather limited. Moreover, the EU Delegation has not participated in the survey launched in the context of this evaluation.

The field mission was centred on interviews and technical dialogues with key stakeholders. In total, 21 meetings covering 15 institutional stakeholders and 22 interlocutors were held. The field mission focused on broader lessons and themes, rather than on focussing on minute details of the selected interventions. To reiterate, this country note is thus not a judgement of the performance of individual projects, nor of the overall TRA portfolio of the EU Delegation. Rather it is an attempt to learn from the experience in CIV and to draw conclusions from the specific country experience for TRA at a global scale.

The main elements of a field visit were as follows:

- At the beginning, briefing meeting with the EUD;
- Various technical meetings with EU task managers;
- Various interview rounds with representatives of stakeholders at public administration, private sector, project, development partners' and Non State Actors' level;
- On-the-spot debriefing at the EUD.

⁴ As far as it concerned the regional integration of Côte d'Ivoire as an evidence of specific country experience

4 Summary of main findings

4.1 Main findings related to the evaluation questions

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

EU's TRA has been aligned to partners' evolving priorities in CIV. A priority shift from TRA in the area of trade development to TRA in the area of trade policy and facilitation as well as regional integration can be observed following the increased need to accompany the country at EPA agreement implementation and higher priority of the regional integration agenda. As a very strong point, it can be observed that relevance of EU's TRA could be maintained throughout the evaluation period.

To a large extent, alignment took thus place in a rather flexible way. It was to a lesser extent based on a systematic assessment diagnostic work than on a reaction on specific, rather short-term partners' needs. This approach can be mainly explained by the fragile environment in which TRA was implemented throughout a large part of the evaluation period. In the same vein, TRA programming and formulation was less systematically undertaken eventually leading to a broad range of rather loosely related activities in trade policy and planning and facilitation and considerable coordination challenges.

As an overarching trade policy framework does not exist in the country, TRA also focused on trade policy formulation support which was challenged but the diversity of involved actors at national administration level. Consequently, at the outset of TRA implementation the focus appeared to be more on technical implementation and coordination support than on the strengthening of capacities related to trade-related planning and implementation systems.

In such environment, keeping with Paris Declaration principles still appeared to be challenging, notably regarding ownership, managing for results and mutual accountability. Coordinated and partner-driven monitoring systems were only at the beginning of its development. In the aftermath of the political crisis, it would be premature to judge to what extent TRA programming, formulation and recently started implementation will actually contribute the strengthening of partners' trade-related planning and implementation systems.

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

In general, EU's TRA modalities and channels have been appropriate to delivering TRA. However, 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 CIV.

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 the 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.

TRA project programming, formulation and implementation provided under EDF was somewhat hampered by procedural hurdles and delays. The appropriateness of used channels gives a mixed picture as at least one choice has proven to rather complicate TRA delivery and not to facilitate the compliance with Paris Declaration principles, notably regarding ownership, simplification of procedures, effective division of labour, collaborative behaviour, managing for results and mutual accountability.

Global channels seemed having achieved some good results but were poorly coordinated and were not conducive for TRA visibility and sustainability in CIV as national partners have not experienced their appropriate follow up.

In CIV, the EU has an outstanding reputation as the sole donor staying in the country throughout the entire crisis period. Consequently, it could fill the gap of other Development Partners and thus assured a maximum complementarity and – at least – a minimum continuity of development assistance provided in the country during the past decade.

Evaluation Question 3: To what extent has the EU'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?

TRA by and large followed EU development and trade related policies, notably regarding trade development provided for the various focal economic sectors (banana, cotton etc.). Coherence with other EU policies, such as social policies, was given.

The involvement of NSA in programming and implementation was almost non-existent which is attributed to the fact that NSA have been highly politicised during the period of political unrest. Participation of the private sector TRA in programming and formulation was rather limited on the provision of information but a lesser extent to an actual involvement in TRA design.

The emergence of TRA in the area of trade policy and regulations towards the end of the evaluation period has increased the need to further expand knowledge about EU trade-related policies and good practice in that area with this being a challenge in the specific configuration of CIV being a post-crisis country and the EUD having rather limited resources at hand.

TRA design and implementation has to very limited extent been coordinated with other donors. Towards the end of the evaluation period though, first attempts of a more systematic coordination can be observed with institutions from the UN family and the World Bank. This situation can be mainly attributed to the absence of other donors during the crisis periods. In particular, coordination with the French technical cooperation seemed to be less intensive than it could possibly be which may be attributable to different political orientations of EU's versus French cooperation. Evidence for coordination at a regional level appeared to be rather limited.

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

CIV was one of the few countries having signed an (interim) EPA agreement for which TRA as provided assistance in terms of negotiation capacity support. TRA has contributed to establish and maintain institutional capacities related to the preparation and implementation of the EPA agreement. As such, it had visibly contributed to improve the trade policy environment in the country.

TRA in the area of trade policy support in CIV was mainly influenced by the signature of an (interim) EPA agreement in 2009 and increased political interest of integrating the economy at regional level. This orientation has contributed to accelerate programming, to reduce coordination efforts and provided a first overarching framework for TRA design.

A trade policy did not exist in CIV so that TRA, among others, focused on the formulation of a trade policy in the country. TRA project formulation and implementation have rather loosely followed various priorities at different levels, also encompassing AfT categories, such as trade-related infrastructure. With a somewhat weakly developed and positioned TRA coordination structure, TRA fell short of the various expectations in terms of scope and depth with TRA resources provided were not consistent with ambitions. The parallelism of TRA in the area of trade policy formulation with TRA focusing on more specific thematic area, such as regulatory reforms, customs modernization and targeted sector support posed challenges in terms of TRA coherence, consistency and credibility at stakeholder level.

There is limited evidence of private sector and NSA participation in the trade policy formulation and EPA negotiation process. The latter was not only seen as being disadvantageous by important stakeholders at policy makers' level as according to their perception, this helped to accelerate the conclusion of the EPA agreement.

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

TRA provided in the context of specific agricultural sector support at national has contributed to the design of and compliance with trade-related SPS and to enhanced conformity with international market standards.

Regional TRA has led to limited visibility and impact in terms of enhanced technical standards in the economic sectors for which CIV was chosen as decentralised focal points.

Evaluation Question 7: To what extent has the EU's TRA contributed to deepening regional economic integration?

At national level in CIV, EU's TRA could contribute to deepened regional economic integration – it helped to orientate national trade policy towards regional integration. This was underpinned through the fact that the Ministry in charge of regional integration was chosen as main implementation partner for trade policy support.

Coordination of TRA at national and regional level was rather limited. Cooperation with regional TRA and the corresponding decision makers at regional policy level appeared 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.

Evaluation Question 8: To what extent has the EU's TRA support to trade development helped improving market access and investment climate?

For the supported sectors, EU's TRA helped to stabilize exports and to improve market access for exporters from CIV, notably in agricultural sectors. It has contributed to increase the competitiveness of supported sectors which has not necessarily led to an increased export volume: TRA support was rather of a “defensive” (“market retention”) nature supporting traditional export commodities to avoid their collapse in economically difficult times and to lay the foundation for economic diversification, mainly still in the agricultural sector.

Moreover, during the evaluation period, such diversification has led to developing additional export *potential* without actually substantially allowing for considerably increased exports (this should be the focus of subsequent trade development support and the corresponding strengthening of related trade promotion services). Such diversification was supported through reconversion and orientation towards newly introduced products.

Trade development was based on well-established and strong export and/or sector associations with the potential for further development. Experience obtained from TRA implementation towards the end of the evaluation period suggests that trade promotion and information services are less well positioned and performing if they are driven by international service providers instead of being driven by national service providers.

Trade development with a focus on the private sector was successfully complemented through TRA at national administration level, namely at the level of the Ministry of Agriculture. It helped to establish and accompany the regulatory environment in terms of standards setting and conformity assessments in the agricultural sector.

Evaluation Question 9: To what extent has the EU's TRA mainstreamed poverty reduction in TRA design and implementation?

Poverty reduction and, more specifically, the stabilization of incomes of the rural poor, have been mainstreamed in TRA design and implementation in the area of sector-related trade development. The evidence of poverty reduction mainstreaming in TRA design in the area of trade policy and regulation was less clear and a systematic poverty-related impact monitoring could not be found.

Corresponding reporting at specific intervention level referred to poverty and social aspects although evidence for a broader impact monitoring is limited.

5 Conclusions

CIV as a field study country provides good evidence how

- TRA can be well adjusted to a fragile environment during the crisis period in the light of the fact that overarching partners' strategies were lacking;
- TRA can be tailored to partners' specific development needs in a post-conflict situation on the basis of a signed EPA agreement as a quasi-substitute for such development strategy.

The country can be considered as positive example for maintaining coherence during challenging periods and for a flexible alignment of EU's support in changing circumstances.

The move from crisis-driven TRA focussing on trade development to a more strategy-driven approach with a stronger focus on trade policy and development posed challenges at various levels, namely in

project formulation, planning, coordination and implementation. This leads to the hypothesis that TRA should be strongly supported by external the provision of external knowledge and strategic guidance and backed by sufficient resources and support at EUD / DP level.

The case of CIV also illustrates that the adjustment of TRA to partners' strategies can be complicated by the fact that a broad range of approaches and interests exist at national government level so that such adjustment can be a complex process in the case of a lack of coordination and consultation at national government level. This can lead to a situation in which TRA project formulation and implementation is obstructed, or, at least, slowed down by unresolved political divergences at partner country level. In such case, situations occurred that ministries with presumed high capacities and/or reform willingness were strongly supported by specific DPs (thus creating "donor darlings" which may in some cases also vary from donor to donor) at the detriment of other ministries which may be better positioned in the national government system to cover the technical areas related to the specific TRA intervention. As a consequence, it can be concluded that the adjustment to partners' development strategies also has to take into account the specific institutional setting and the issue to what extent the "institutional choice" related to TRA can be sustainable.

Alignment without appropriate systematic (joint) analytical diagnostic work can lead to a situation in which TRA programming and implementation is based on trade policy orientations and/or sectorial choice which may not be the optimal choices. This may particularly occur in cases, where trade and regional integration are not a focal sector, such as in CIV, with the resources and/or institutional capacities at EU level not being available to support such systematic analysis work.

Partners' ownership should not only be enhanced by alignment but also through increased participation in the selection of appropriate modalities and channels. In the case of CIV, the availability of – comparative – checklists related to the choice of modalities would have helped to better substantiate the choice of channels. 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.

Coordination and visibility of global channels could be enhanced through the establishment "contact points" for the various global channels at national level.

Good practices collected, further developed and tested with TRA through global channels should be promulgated more actively at national level (through EUDs and/or national stakeholders) in order to enhance their impact and sustainability.

The case of CIV leads to the conclusion that the value added of international organisations has to be more must systematically analysed whereby their flexibility, capacity to adjust to the specific situation in the country and local presence through TRA-related decision makers has to be a strong argument in favour or against their use as delivery channel. A determining factor be able to assess value added of other DPs as channels strongly depends on their willingness and capacity to adjust their project-related monitoring system to the monitoring system related to the specific TRA intervention.

Coordination of TRA at the various national administration levels in CIV appeared to be a bottleneck for a more coherent TRA in broader terms and an enhanced orientation towards trade-related policies and development objectives at a global scale.

If involved in trade policy formulation, TRA should limit itself to a facilitating role to support the consultation process and to provide the necessary technical background information about the potential consequences of alternative political choices.

Trade policy development has to be closely linked to economic and industrial policy development, and as such, rather forms part of a broader economic policy framework.

TRA in the area of trade policy formulation and mainstreaming must aim at contributing to integrate the specific sectorial policies pursued by the different involved line ministries and to create synergies.

A thorough assessment has to be undertaken to what extent trade-related services are provided through private-sector driven operators or through public trade-related institutions. The trade policy strategy should develop an approach about the institutional and organisational set up for such trade promotion services.

A major concern of TRA design and implementation should be the extent to which sustainability can be ensured at institutional level especially in a context where regional and international trade promotion is primarily based on the perceived need to adjust to agreements such as the EPA agreement and to a lesser extent on a broader perception that trade policy/regulations and development should be a priority which is (not only) informed by the more short and medium term need to adjust to (international) agreements. The question is: what comes after?

TRA design should avoid the support to “artificial” structures at government level which are rather following the requirements of specific – more short term – needs than reflecting the longer-term development needs taking into account the specific environment in the country.

Based on the evidence from CIV, the following success factors for the promotion of international trade through the strengthening of national public institutions can be determined:

- Enhanced implication and integration of all relevant ministries in TRA programming, formulation, implementation and monitoring
- Improved institutional anchoring of related activities within the relevant ministries and existence of the corresponding support at highest decision making level
- Well-defined and resilient coordination of related TRA activities with the EU putting its political weigh in the balance

An on-going follow up is needed to accompany and monitor the implementation of trade agreements and thus to ensure that TRA in this area is seen as on-going coaching in implementation matters.

Future EU’s TRA interventions should be based on a more systematic assessment and coordination related to the harmonisation, standardisation and simplification of trade procedures.

TRA should stronger focus on regional consultations and on increasing market transparency at regional level to further facilitate regional exchange at policy and private sector level. TRA programming and regional and national has to be much better coordinated already at the designs stage. Such coordination and cooperation has to go far beyond information sharing (at the occasion of Steering Committee meetings or similar institutionalised coordination instruments) to be effective and to lead to enhanced mutual respect.

Further TRA programming should carefully assess to what extent the state has to be involved in the provision of trade promotion services as the private sector seems to be rather willing and relatively competent to fulfil this function.

If TRA and trade development follows a sector support approach to develop trade, it should

- be highly focused and encompass the entire value chain of the concerned sector (thus avoiding a scattershot approach of sector selection);
- strongly build on a collaborative approach including all major actors embedded in the value chain emphasising the convening power of performing non-political intermediary organisations;
- be informed by a thorough opportunity assessment on international markets without neglecting neighbouring markets with due consideration of market niche opportunities and the anticipated stability of potential export incomes.

Key poverty issues are hardly systematically assessed during programming which may lead to a situation that political and social orientations at different line ministries are different. This in turn has the effect the trade-related policy orientations vary ranging from rather employment-oriented approaches focussing on traditional sectors to approaches according to which highly competitive sectors with high value added.

A better alignment to the Poverty Reduction Strategy should further facilitate poverty orientation and corresponding monitoring.

6 List of persons met

Name	Position / Entity
M. Yapo Francois Ahoti	ONUDI (Organisation des Nations Unies pour le Développement Industriel), Coordinateur technique du "Programme Qualité Afrique de l'ouest"
M. Semon Bamba	Bureau de l'ON (Cellule de Coordination de la Coopération CI/UE), Chef de département Economie
M. Marius Bessy	Ministère de l'Economie et des Finances, conseiller technique du Directeur de cabinet
M. Gole Guillaume Gole Bi,	Comité National de Negociation de l' APE, Chef de Cellule APE
M. Dama Sogone Bi	La Confederation Generale des entreprises de Cote d'Ivoire (CGECI), Customs, Regional Integration and Transport Desk
M. Serge Bombo	Association de promotion des exportations (APEXCI), Deputy Chief Executive Officer
M. Nouhoun Coulibaly	Ministère de l'Agriculture, Directeur général de la planification
M. Carl Daspect	Union européenne, Chargé des questions économiques et commerciales
M. Bruno Van Eeckhout	Coordinateur PACIR, Coordinateur général
Mariam Fadiga	Ministère d'Etat, Ministère de l'Industrie, Technical Secretary
M. Charles Jerome Gauze	Ministère du Commerce, Directeur général
M. Kacou Gervais	OBAMCI (Organisation des Producteurs-exportateurs de Bananes, d'Ananas, de Mangues et d'autres fruits d'exportation de Cote d'Ivoire), Président
M. Yves Gillet	Union européenne, Chef des Opérations
Mme Doris Hrebernigg	ONUDI (Organisation des Nations Unies pour le Développement Industriel), représentante résident
M. Jean Claude Kouassi	Ministère de l'Agriculture, Secrétaire exécutif de la Cellule d'appui au programme sucre
Mme Jeane Murebwayre	Union européenne, Chargée des programmes développement rural
M. Didier Nils	Union européenne, Chef de section
M. Lakoun Ouattara	La Confederation Generale des entreprises de Cote d'Ivoire (CGECI), Directeur Général
M. Mamadou Sarr	Chambre de Commerce et d'Industrie Ivoirienne, Directeur Général
M. Kalilou Traoré	Ministère chargé de l'Intégration Africaine, Directeur de cabinet;
M. Koffi Valentin	L'OCAB (Organisation Centrale des Producteurs-Exportateurs d'ananas et de bananes, Secrétaire exécutif
M. Benjamin Walker	Centre du Commerce International, Coordinationateur national "PACIR"
M. Jean-Claude Kouassi Yao	Secretariat exécutif et au Comité de Gestion de la filière sucre, Secrétaire exécutif

*Thematic Global Evaluation of European Union's
Support to Trade-related Assistance in Third
Countries*

Field Visit Note

Country:
Egypt

June 2012

Evaluation for the European Commission





Aide à la Décision Economique
Belgium



Particip GmbH
Germany



Development
Researchers'
Network

Italy



European Centre for Development Policy
Management

The Netherlands



Overseas Development Institute

United Kingdom



Deutsches Institut für
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Framework contract for
**Multi-country thematic and regional/country-level
strategy evaluation studies and
synthesis**
in the area of external co-operation

LOT 1

**Multi-Country Evaluation Studies of Economic
sectors/themes of European Union's External
Cooperation**

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Specific contract n° 2010/254070 and n° 2011/261-717

**THEMATIC GLOBAL EVALUATION OF
EUROPEAN UNION'S SUPPORT TO
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IN THIRD COUNTRIES**

Field Visit Report

Country: Egypt

June 2012

*This evaluation is carried out by
EGEval/Particip GmbH*

Author:

Peter Christensen

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

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1 Introduction

Particip/EGEVAL II has been contracted by the Commission to undertake the *Thematic Global Evaluation of European Union's Support to Trade-Related Assistance in Third Countries*. Both, ACP and non-ACP countries, are covered by the evaluation (specific contract numbers EVA 2007 - 2010/254070 and EVA 2007 – 2011/261-717).

The main objective of the field phase was to complete the data collection undertaken during the desk phase and to contribute to answering the EQs. It aims at verifying, complementing, validating and/or revising the preliminary findings formulated in the draft desk report. Moreover, its objective is to test the hypotheses set forth during the desk phase.

The purpose of the note is to summarise the findings from the field that will feed into the synthesis report. This note is *neither* a country evaluation nor a self-standing impact evaluation, and does not intend to pass judgement on the performance of the EU Delegation to Egypt, nor on its Egyptian partners.

Egypt was chosen as a field study country based on its high score on a number of criteria including 1) high level of TRA in the evaluation period, 2) relative importance of TRA in the country portfolio and 3) a mix of aid modalities. Moreover the final country selection was made in dialogue with the Joint Evaluation Unit. More detailed information on the scoring methodology and field country considerations can be found in the desk report.

The field visit was undertaken between the 19th and the 27th of June 2012. The consultants would like to thank all those met for sharing their insights, views and experience with us. The list of those met can be found in Chapter 6. The country field team assumes sole responsibility for the views, opinions and errors expressed in this report.

2 Short description of EU's support to TRA in Egypt

During the years 2004 to 2010, Egypt has received a high total volume (€ 183 million) of TRA by the European Union, making Egypt one of the top receivers of TRA. The projects and programmes in this area have covered all categories and nearly all sub-categories of TRA. The programmes were rated as good to very good in respective final evaluations. The Country Strategy Evaluation of Egypt from the year 2010 confirms these assessments. However, most evaluations state problems with quantifiable indicators and specific quantified outcome targets which have often not been in place.

A number of TRA interventions aimed at contributing to the growth of trade and export activities. The implementation of the EU-Egypt Association Agreement and the achievements of the different programmes have surely contributed to that. However, attribution seems to be very difficult and establishing direct causality between the EU's interventions and the evolution of Egypt's exports seems to be an impossible task. According to the 2009 Doing Business Report, Egypt was one of the global top ten reforms, showing improved performance in the area of trading across borders. But as of 2010 Egypt was still in the fourth quintile of all countries in the Doing Business ranking list.

Over the last years, Egypt pursued a course of trade liberalization. It signed a number of trade agreements at bilateral (among which the EU, several Southern Mediterranean partners, Irak, Turkey), regional (Common Market for Eastern and Southern Africa (COMESA), Agadir) and multilateral levels (WTO). These legal settings contributed to the drastic reduction of Egypt's tariff barriers between 2000 and 2008. However, trade restrictions were still important, as illustrated by the less significant reduction and high level of the tariff and non tariff measures compared to the ones of the tariffs alone (Country Strategy Evaluation 2010).

Main evaluative focus:

<i>Title of the intervention</i>	<i>Committed amount for the intervention in €</i>
Trade Enhancement Programme A (TEP A)	18,420,912
Trade Enhancement Programme B, (TEP-B)	39,685,790
Trade Enhancement Programme - Technical Assistance for Customs Reform (TEP-C)	4,005,937
Spinning and Weaving Sector Support - Egypt	74,619,596
Research, development and innovation	8,724,952

3 Data collection tools and methods used

Prior to the field visit the country field team undertook a desk review of available literature, both specific to EU-supported interventions, as well as broader documentation regarding other development partners, as well as the overall evolving status of the TRA in Egypt during the evaluation period. In addition to studying the documentation available from CRIS, the team also interviewed key informants with relevant knowledge on the chosen interventions, as well as informants offering broader insights into the evolution of the education sector during the evaluation period and the role and interactions between government, external development partners and NSAs. Only a few focus group meetings were held but otherwise the preferred interview methodology was individual in-depth interviews focused on the relevant EQs and the working hypotheses. A list of people met can be found in chapter 6. The information deemed of critical importance was subjected to a process of triangulation to ensure validity and internal consistency.

Given the resource envelope (especially time-wise) for the field phase, prioritisation was necessary and the field team thus had no ambition of re-doing evaluations that had already been undertaken. Rather the team relied extensively on these evaluations and attempted to extract more general findings, trends and recurring themes that are of relevance to a broader audience. The dialogue with informants also centred around distilling broader lessons and themes, rather than focussing on the minute details of the selected projects. To reiterate, this country note is thus not a judgement of the performance of individual projects, nor of the overall TRA portfolio of the EU Delegation. Rather it is an attempt to learn from the Egyptian experience and to encourage wider reflections on how best to structure and focus EU's TRA.

4 Summary of main findings

4.1 Main findings related to the evaluation questions

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

EU's TRA in Egypt has been highly aligned setting at that time new standards in the field by channelling the majority of TRA through government systems. This was made possible by a high level of policy alignment concerning trade and macroeconomic issues where the government had seriously committed itself to the implementation of far reaching reforms which were fully consistent with EU's ambition in the areas. These reforms largely maintained their momentum throughout the evaluation period at macro level and the EU's TRA could therefore easily align into a broadly conducive context.

The EU did also maintain this level of alignment over the evaluation period both at strategic and intervention level, adjusting approaches and activities to take into account the fast changing context which impacted on TRA relevance. This was due to a diligent delegation, but even more so to a dedicated government.

At organisation and sector specific levels alignment at times proved more challenging as there were only vague sector strategies / organisational visions around which to align. This in part reflected interagency coordination problems which were not fully factored into EU's TRA undermining opportunities for better alignment at this level. The EU's TRA response strategy was almost invariably to supply TA and training for 'capacity building' but this obviously failed to address the systemic issues.

The extensive use of budget support clearly used Egyptian planning and implementation systems and they were probably strengthened over time but the EU did not provide any direct support to e.g. PFM or procurement.

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

The EU 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 proved to be cost effective. Moreover it has provided a strong indication of the EU'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. This was all premised on strong government commitment to the economic reform agenda.

However, the use of budget support has not been accompanied by the abolition of projects and hence the government both had to deal with budget support and project approaches. 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.

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.

At beneficiary level most were arguing for increased use of budget support approach e.g. Ministry of Trade and Industry, WTO Department, who believed that the budget support approach works and actually worked well, as did Ministry of Finance in the TEP B programme; GOEIC believed that the EU administration and financial procedures were extremely bureaucratic and complicated and budget support could be used to avoid these. EEPC saw that the budget support was an appropriate approach, but needed strong monitoring in order to avoid corruption. This opinion was also shared by the Customs Reform Unit of TEP-C who confirmed that budget support allowed for local procurement which was positive in order to take advantage of lower prices. This should be coupled with strong joint financial control and monitoring to ensure transparency.

No other channels than government was used, but some of the project intervention cooperated with and utilised the expertise of e.g. the WTO and WCO, generally to good effect.

Evaluation Question 3: To what extent has the EU'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?

In Egypt, the EU has coordinated its assistance well with the few partners that have been active in the TRA and related areas, most notably with the USAid which has been the other main donor. GoE has not fully fulfilled its role as the key driver of coordination and there has thus been a need of direct donor coordination which the EU has addressed successfully. At activity level the EU has also seized opportunities to coordinate better. The EU has also shared relevant information and analysis with member states to a degree commensurate with demand.

Complementarity with other donors, including member states has been high and the EU has focussed on the areas where it had a comparative advantage and provided value added, which has included support to the Association Agreement as well as addressing issues of SPS and TBT.

There has been very robust coherence with global TRA objectives, which has been supported by a strong Egyptian commitment to the trade reforms promoted. Thus Egypt can be seen as a strong translation of the vision enshrined in the 2002 strategy on 'Trade and Development'. In other areas such as SPS and TBT there are some levels of incoherence, but the EU has made concerted efforts to mitigate these through TRA to exactly target these areas. Whereas the CAP is clearly incoherent with some of the core TRA objectives, it has not proven to be a major issues in the TRA dialogue and practical implementation but more taken as a given.

Finally there have been few efforts invested in coordinating or complementing regional and global TRA initiatives with national level TRA. While the counterfactual issue of what would have happened, had the

EU in Egypt invested more resources is difficult to assert, it would seem that there has been few obvious opportunities for synergies missed. Moreover, there has been limited demand from the national counterparts for engaging in regional and global TRA initiatives and hence the EU has focussed on those areas where such demand was well-articulated (e.g. AA, SPS and customs).

In sum, the EU has generally coordinated well and actively focused on areas where it had a comparative advantage thus also complementing other development partners. Coherence has, with some well known global exceptions on e.g. CAP, been high. The fact that very few development partners were active in TRA has obviously made it somewhat easier for the EU. No major efforts have been made to coordinate with global and regional TRA initiatives, but the demand and need for doing so was also questionable.

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

Trade policy has been a key area where the EU has supported Egypt strongly, most notably in the AA and WTO units in the MoTI. This has clearly facilitated achievement of a core TRA objective of integrating Egypt in the world economy. Trade policy has become an integral and mainstream part of the overall development agenda of Egypt and constituted a core element in the economic reforms introduced over the evaluation period.

The primary means of support have been training and TA which proved to be of generally high quality, but not consistently so as the framework contract modalities at times conspired against recruiting the best possible TA/trainers. Moreover, the analytical basis upon which the capacity development was based was at times too narrow in its focus on 'gap analysis' as it ignored wider systemic capacity challenges. More attention should arguably have been devoted to incentive analysis and working environment of the staff training.

The success of EU's TRA to trade policy has been conditional upon strong government commitment at both macro and micro level. Where government commitment to protect and resource relevant units has been waning so has the effectiveness of EU's TRA capacity development. Fortunately, there has been relatively strong (albeit mixed) commitment to trade policy and the effects of EU's TRA are still evident today. Egyptian 'trade defence' has improved substantially in part due to EU's TRA and occasionally to the detriment of EU and Egypt's other main trading partners as the Egyptians trade authorities at times use the acquired competencies against these partners.

Private sector participation has been limited to information dissemination. This reflects the government's level of ambitions and has generally been conducted effectively. However, the EU could arguably have been more proactive in stronger inclusion of NSAs.

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

The EU has contributed to the reduction of trade-related transaction costs through trade facilitation, most notably with support to the rationalisation of the custom code which reduced the scope for irregularities and made trading more predictable and simpler. The indicators on time and cost to trade have improved substantially over the evaluation period, although with some fall-back afterwards.

Support has also been granted to harmonisation of exporting and importing procedures where e.g. GOEIC has been a main beneficiary. While relatively successful in e.g. putting laboratories into good use, there is still an unfinished agenda of improving interagency coordination to avoid duplication and enhance efficiency.

EU's support to Model Custom Centres is an example relatively well functioning interagency support where both customs and GOEIC has collaborated well and facilitated reduced clearance time. However, the support directly targeted customs had mixed outcomes, with some quality issues in terms of training content and, perhaps more importantly, limited willingness to institutionalise and optimise the training on the part of the beneficiary. Nevertheless, some of the products made are still being used by the customs (e.g. manuals) and the EU has clearly contributed to the introduction of new working methods such as team work and facilitated the gradual change in how customs officials perceive it: from a previous perspective of primarily being a revenue extraction organisation to increasingly viewing customs as being a service provider to traders. However, this transition is still unfinished and the recent instability has undermined part of the gains made under EU's TRA.

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

Only limited assistance has been provided to the participation in international standard setting bodies. Instead most efforts have been aimed at improving compliance and establishing testing and calibration laboratories. Complementary training and TA was also provided to ensure that equipment was managed correctly. In total the EU had planned to support 4 laboratories but only 2 were eventually assisted as GoE decided to reprioritise resources. In general, the government has shown strong commitment at the macro-level to improving compliance, as witnessed by continued financial backing to GOEIC, which combined with user fees, has ensured sustainability. Moreover GOEIC has, with EU's TRA support, also been internationally accredited and comply with relevant standards. Moreover, budget support as also indirectly supported GOEIC as GOECI featured strongly in the matrix conditionalities.

The result have been a general increase in compliance with international standards which has led to lower refusal rates of consignments at e.g. EU borders. Private sector traders have clearly appreciated the upgrading of the quality infrastructure and both confidence in and use of it has increased as a consequence. However, there is still sub-optimal coordination between core actors (MoH, MoA, GOEIC) in the standard area causing some duplication and inefficiencies. There has been limited willingness to enforce better division of labour in the government which is thus still an unfinished agenda. Moreover, the areas covered by the EU's TRA have only been relevant to some traders, much more work is still needed to ensure better compliance in e.g. industrial products.

Evaluation Question 7: To what extent has the EU's TRA contributed to deepening regional economic integration?

Very limited has taken place in context of COMESA or Agadir/GAFTA, reflecting that national demand in evaluation period was not articulated by the Egyptian authorities. The Delegation has not pushed either which has meant that there was virtually nothing done.

Evaluation Question 8: To what extent has the EU's TRA support to trade development helped improving market access and investment climate?

Market access has improved substantially over the evaluation period with export growing 66% accompanied by a strong growth in FDI. However, while there is strong evidence that EU's TRA contributed in certain areas to this growth in exports the exact attribution to EC TRA is virtually impossible to quantify. This is partly due to inappropriate indicators and M&E systems utilised, but also due to inherent methodological challenges in establishing such attribution, not least when a substantial part of the TRA was provided as budget support. No direct attempts were made to promote foreign direct investment in the evaluation period.

The individual interventions in this area had mixed success, with some performing extremely well and vastly improving market access for a group of exporters (within the food sector) while others had issues of lack of government backing (fairs and exhibitions) and high staff turnover that reduced impact of training. The quality of both training and sector studies also varied between highly competent and relevant to more mediocre performance, with most pointing to the framework contract modalities being a constraint in ensuring the right consultants.

However, the envisaged EU's TRA support to the National Strategy for Export Promotion did not materialise, as there was no consensus on who had the authority to determine the overall priorities for the sector. This was symptomatic of the wider issue related to duplication and unclear division of responsibilities among the many agencies involved in export promotion, which, despite some reorganisations, was not fundamentally resolved during the evaluation period and inhibited the emergence of a clear strategic vision of how export promotion should be shaped. Again inter-agency and ministerial coordination challenges clearly conspired to the lack of progress in this area, again pointing to the need for strong and high-level commitment to implement reforms even if they may engender opposition.

Evaluation Question 9: To what extent has the EU's TRA mainstreamed poverty reduction in TRA design and implementation?

The short answer is that the EU has done little to mainstream poverty reduction into the main TRA interventions both at design stage and in subsequent implementation, instead relying on the trickle-down theory of increased trade contributing to accelerated economic growth, which in turn is assumed to reduce poverty. In absolute terms, research suggest that poverty has fallen as economic growth has accelerated

and it is highly likely that trade reforms (and hence by implication also EU's TRA) contributed to this benign outcome. This is obviously a very significant achievement. However, research also demonstrates that vulnerability has increased with higher churn rates in and out of poverty, which is a characteristic of many liberalised economies.

Proving causation between trade reforms and poverty is notoriously hard but EU could perhaps have used the substantial TRA provided as an entry point for raising the issues of e.g. mitigating measures, in its policy dialogue with GoE, which could have facilitated more emphasis on reducing vulnerability.

In one intervention (Spinning and Weaving) employment issues were directly targeted and assisted in maintaining income levels for replaced workers, who received counselling and training. These were generally not below the poverty line, but EU's TRA contributed to them avoiding becoming poor, which, given the increased vulnerability in the period, was a significant achievement.

Gender, fair trade and ILO standards were generally not a primary focus area, which seems appropriate given that the characteristic of the support did not lend itself to such emphasis.

4.2 Other findings outside EQs

The strong interest in entering into the EU Egypt Association Agreement (EEAA) was partly a reflection of the historical close ties (incl. trade) between EU and Egypt and due to the ambition of increasing trade with the EU through a rule based set of principles. This probably helped make Egypt more committed to implement the necessary trade reforms and to assume strong ownership of the TRA. Related, there was also strong and consistently constructive engagement in the EEAA process, in contrast to many EPA negotiations in ACP countries.

Consequently there are indications that the proximity to the large EU market, coupled with strong and growing trade ties and the prospects of entering into an EEAA could have assisted in catalysing strong interest, ownership and commitment to making TRA effective. Obviously the EC has also benefitted from the timing as most of the TRA was provided during the implementation of a major economic reform programme which assisted in accelerating the momentum for trade reforms. These factors are probably not easily replicable in other contexts (e.g. ACP).

5 Conclusions

Government commitment to the wider economic reform agenda in which trade was an integral part, appears to be a key explanatory factor for the robust achievements that EU's TRA has made in Egypt. This explains the significant achievement made in trade liberalisation, regulatory reforms, restructuring of export industries and better compliance with international standards.

The comparatively strong commitment to trade reforms also allowed the EU to innovate around new modalities for delivering TRA most notably by providing budget support with agreed indicators on core trade reforms. This in turn gave the government a wide political space on deciding how best to implement the agreed reforms, which in turn assisted in enhancing ownership of the process.

The primacy of domestic commitment also materialised at specific intervention level where there were challenges of enforcing improved interagency coordination and in providing clear division of responsibilities in e.g. testing and certification. Here, the government at times refrained from making politically sensitive decisions on e.g. curtailing the authority of one agency and the outcomes were thus partly compromised with some level of duplication. The EU on its part could have been stronger in pressuring for better division of responsibilities, but without domestic political willingness it is not evident that this alone would have altered outcomes substantially.

The use of project modalities delivered mixed outcomes and incurred relatively high transaction costs. The framework contract modality does not consistently deliver the desired quality and competencies and the demand for the inputs supplied also varied, as did the relevance. However, there were also examples of highly successful project interventions which would be hard to replicate under a budget support modality. Nevertheless, more ownership, lower transaction costs and improved ability of domestic actors to identify and recruit TA would like have emerged had more TRA been delivered as budget support.

Finally, the issue of poverty reduction has not featured prominently in either the identification or implementation of the TRA interventions. To be clear, it would probably not have been possible to quantify the degree to which EU's TRA contributed to poverty reduction, but the EU could arguably have raised the issue of how to reduce vulnerability that often tends to increase when an economy opens up. This could have taken the form of support to documentation of the link between poverty dynamics and

trade reforms as well as more direct mitigating measures that could cushion the impact, along the lines that were done in the spinning and weaving sector. By only relying on the ‘trickle down’ assumption of increased economic growth benefitting the poor, the EU may have missed an opportunity to fully maximise the poverty reduction potential of its already significant achievements within the trade sector.

6 List of persons met

Name	Position / Entity
Ms Amani El Wassal Abdelhafez	EU Egypt Relations Agreement Unit, Head of Unit
Dr Hassan Ahmed Abdelmagied	Head / Egyptian Organization for Standardization and Quality
Ms Dina Sabry Abu	EU Egypt Relations Agreement Unit, unit staff
Mr Esam Ali	Head of the Central Department for Customs Reform and Development,
Ms May Amer	Head of Sub Division Services Department, Ministry of Trade and Industry
Mr Khaled El Beheiry	General Manager, Textiles Chamber - Federation of Egyptian Industries
Mr Mahmoud Abul Ela	HR and Capacity Building Head/Customs
Ms Essma Naguib Farag	General Manager of International Standards Research, Central Department for Customs Reform and Development
Ms Chiara Francini	EU Delegation
Mr Adel Iskandar	PEMA, Ministry of Int'l Coop.
Mr Mohamed Khidr	EU Egypt Relations Agreement Unit, unit staff
Ms Beatriz Knaster	EU Delegation
Ms Shahinaz Kotb	Translator in the Technical Office, Central Department for Customs Reform and Development
Mr Gerhard Krause	EU Delegation
Ms Dina Mahmoud	Manager of Trade and Services Department, MTI
Mr. Ashraf Mokhtar	Head of the WTO unit at the Ministry of Trade and Industry
Eng Osama Abdel Moneam	Undersecretary/General Organization for Export & Import Control
Ms Anca Radu	EU Delegation
Mr Mohamed Sallam	Information Dept. Hd, Egypt Export Promotion Centre (EEPC)
Ms Manal El Samadoni	S.Econ. Trade Facilitation Project Mgr/USAID
Mr Ahmed Seoudi	Customs Commissioner, Ministry of Finance
Eng. Tarek Tawfik	Ex Head of the Food Export Council/ Managing Director Cairo Chickens Co.

*Thematic Global Evaluation of European Union's
Support to Trade-related Assistance in Third
Countries*

Field Visit Note

Country:
Ghana

August 2012

Evaluation for the European Commission





Aide à la Décision Economique

Belgium



Particip GmbH

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Development
Researchers'
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Framework contract for
**Multi-country thematic and regional/country-level
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**THEMATIC GLOBAL EVALUATION OF
EUROPEAN UNION'S SUPPORT TO
TRADE-RELATED ASSISTANCE**

IN THIRD COUNTRIES

Field Visit Note

Country: Ghana

August 2012

*This evaluation is carried out by
EGEval II/Particip GmbH*

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

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

1 Introduction

Particip/EGEVAL II has been contracted by the Commission to undertake the *Thematic Global Evaluation of European Union's Support to Trade-Related Assistance in third Countries*. Both, ACP and non-ACP countries, are covered by the evaluation (specific contract numbers EVA 2007 - 2010/254070 and EVA 2007 – 2011/261-717).

The main objective of the field phase was to complete the data collection undertaken during the desk phase and to contribute to answering the EQs. It aims at verifying, complementing, validating and/or revising the preliminary findings formulated in the draft desk report. Moreover, its objective is to test the hypotheses set forth during the desk phase.

The purpose of the note is to summarise the findings from the field that will feed into the synthesis report. This note is *neither* a country evaluation nor a self-standing impact evaluation, and does not intend to pass judgement on the performance of the EU Delegation to Ghana, nor on its Ghanaian partners.

Ghana was chosen as a field study country based on its high score on a number of criteria 1) high level of TRA in the evaluation period, 2) a mix of aid modalities and 3) trade development that entailed support to export of traditional products with a focus on cocoa and export diversification. Moreover the final country selection was made in dialogue with the Joint Evaluation Unit. More detailed information on the scoring methodology and field country considerations can be found in the desk report.

The field visit was undertaken between the 27th of June 2012 and 6 of July. The consultants would like to thank all those met for sharing their insights, views and experience with us. The list of those met can be found in Annex 1. The country field team assumes sole responsibility for the views, opinions and errors expressed in this report.

2 Short description of EU's support to TRA in Ghana

Trade has traditionally played a large part in the economy and after the economically disastrous period between 1975 and 1984, exports have recovered significantly but still with strong dependence on traditional exports, namely cocoa, timber and gold. After the initial decline in exports in the 1960s and 1970s, exports as a share of GDP have increased sharply in the last 15 years due to trade and exchange rate liberalisation, increase in cocoa and gold production, favourable terms of trade and substantial increase in non-traditional exports (including pineapples, yams, wood products, cocoa products, canned tuna and palm oil). However, the traditional exports (gold, cocoa, timber) still play a major role. In 2005, trade as percentage of the GDP was high at 80%.

Ghana's trade regime can be characterised as open and liberalised and progress has been made in simplifying the tariff system and non-tariff regulations. This is the result of Ghana's trade liberalisation policy during the 1980s and 1990s and its efforts to comply with Economic Community of West African States (ECOWAS) trade protocols and WTO requirement, as Ghana has been a founding member of the later since 1995. However, the institutional set-up and non-tariff protections and incentives still remain complex and insufficiently transparent. Simplification of the trade system is necessary to promote a level playing field for producers and to attract foreign investment. More generally, the sustainability of further liberalisation will depend on the resilience of Ghanaian producers faced with increased foreign competition and their ability to exploit improved access to regional and world markets. The Government's National Trade Policy was launched in late 2004, while in late 2005 the Cabinet approved the Trade Sector Support Programme, and its associated implementation plan for 2006-2010. This policy and programme framework provided valuable information for the EU regarding its support to the trade sector in particular under PSTEP. A more recent trade challenge has been to maintain competitiveness of tradable goods in the light of increased revenues from oil production and avoid the Dutch disease. However this falls largely outside the timeframe of this evaluation.

<i>Title of the intervention</i>	<i>Committed amount for the intervention, €</i>
Private Sector and Trade Enabling Programme (PSTEP)	3,898,402
Ghana Cocoa Sector Support Programme (CSSP) - Phase II	4,746,469

In addition, the evaluation also discussed global initiatives such as the COLE APC for horticulture and TradeCom on trade policy.

3 Data collection tools and methods used

Prior to the field visit the country field team undertook a desk review of available literature, both specific to EU-supported interventions, as well as broader documentation regarding other DPs, as well as the overall evolving status of the TRA in Ghana during the evaluation period. In addition to studying the documentation available from CRIS, the team also interviewed key informants with relevant knowledge on the chosen interventions, as well as informants offering broader insights into the evolution of the education sector during the evaluation period and the role and interactions between government, external DPs and NSAs. Only a few focus group meetings were held but otherwise the preferred interview methodology was individual in-depth interviews focused on the relevant EQs and the working hypotheses. A list of people met can be found in chapter 6. The information deemed of critical importance was subjected to a process of triangulation to ensure validity and internal consistency.

Given the resource envelope (especially time-wise) for the field phase, prioritisation was necessary and the field team thus had no ambition of re-doing evaluations that had already been undertaken. Rather the team relied extensively on these evaluations and attempted to extract more general findings, trends and recurring themes that are of relevance to a broader audience. The dialogue with informants also centred around distilling broader lessons and themes, rather than focussing on the minute details of the selected projects. To reiterate, this country note is thus not a judgement of the performance of individual projects, nor of the overall TRA portfolio of the EU Delegation. Rather it is an attempt to learn from the Ghanaian experience and to encourage wider reflections on how best to structure and focus EU's TRA.

4 Summary of main findings

4.1 Main findings related to the evaluation questions

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

The initial design of PSTEP was clearly inspired by the ambition to align to the priorities of the Government of Ghana (GoG) within the trade sector and to use national planning and implementation systems. This was based on a reflection on past project aid as being unable to address systemic issues and also based on the perception that SBS as modality would promote ownership. Thus the PSTEP was probably the most aligned intervention within the sector, but it is not evident that it resulted in substantial strengthening of the GoG/Ministry of Trade and Industry's (MoTI's) planning and implementation systems. In retrospect it may also have been unrealistic to expect such strengthening to materialise in the short-term. However, this failure combined with partial failure in meeting some of the agreed indicators lead to the abandonment of the budget support approach and a reversal to projectized TRA delivery. As many other developing partners (DPs) are also abandoning budget support this may increase fragmentation and undermine domestic systems and capacities. The EU's support could arguably have been more aligned and relevant by adjusting to the capacity of the partners instead of increasingly bypassing it.

However, it is important to note that EU's TRA has been and still is consistent at policy level, where the focus areas are primarily identified by the government and there is thus a high degree of policy alignment. Trade policy has been and is a priority in Ghana and the EU has been adhering to the policy priorities of the government.

Monitoring for results has had some challenges. Some of the monitored indicators were mainly outside the mandate of support institutions whereas other monitoring and evaluation (M&E) systems were not used for improving programme steering and enhancing accountability. Thus, in common with many other DPs, the EU could arguably do more to make M&E systems more relevant and actionable.

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

The EU was the only DP to use budget support for TRA objectives when it designed and implemented the PSTEP. In that sense the EU broke new ground in terms of aligning and harmonising its TRA, as most DPs providing funding used either pooled approaches or modalities completely outside the sector strategy. The PSTEP did reduce transaction costs for GoG and was a step towards easing the substantial coordination challenge for MoTI. However with other DPs reverting to project approaches the impact was undermined. Also while the intention was to harness government ownership this did not fully materialise for various reasons.

First of all some of the indicators which structured the initial discussions and focus were neither fully appropriate nor realistic. This combined with weak capacity in MoTI probably reduced ownership and commitment to the PSTEP. In retrospect, more efforts should arguably have been invested in design indicators that were more incentivising and appropriate, including indicators that were more actionable and based on realistic assessment of what could be achieved within the PSTEP lifespan. However there was no attempt to revise the indicators and SBS was not continued with the EU reverting to the project modality for the successor programme, despite this being inconsistent with GoG's aid modality preferences.

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. However there are still concerns about the sustainability, which is often a recurrent feature of projects. Moreover the project approach also contained substantial transaction cost, including for GoG as e.g. Ghana Cocoa Board (COCOBOD) found that the EU's administration and financial procedures were extremely bureaucratic, complicated and time consuming which in turn also undermined efficiency. Finally if support had been provided as (sector) budget support, GoG/COCOBOD could obviously have contracted IITA directly itself, thus avoiding the associated transaction costs of EU procedures. On the other hand, GoG also faced procedural challenges that may have undermined the realism of such an approach.

Evaluation Question 3: To what extent has the EU'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?

In the initial phase of the evaluation period there was a strong momentum toward increasing coordination between all DPs and many agreed to have the GoG-developed Private Sector Development Strategy (PSDS) as the overarching framework. This also ensured a reasonable coordination framework for the EU, EU Member States (EU MS) and other DPs. EU's TRA was in the forefront of this process with its TRA being highly coordinated by the government as it was provided as SBS. However, with disappointing outcomes of the PSDS, coordination suffered and many donors reverted to more fragmented project approaches. Partly as a consequence, the key coordination forum, the working group on private sector development, became less effective. GoG has proven incapable of reinvigorating coordination in the sector and donors have not assisted by fragmenting assistance.

Coherence of EU's TRA has generally been high. In relation to Ghana's trade objectives, EU's TRA has been highly coherent and supportive hereof. In terms of coherence with other EU development and trade related policies, there is also good consistency. Furthermore, there is broad acceptance that EU's SPS and TBT policies are strict but fundamentally legitimate consumer protection mechanisms. And coherence has been improved with some of the global initiatives (e.g. COLE ACP, Fisheries management) assisting in overcoming these market barriers, induced by SPS and TBT requirements. There has also been robust coherence between EU's TRA in Ghana and the global TRA objectives of the EU.

Regional and global TRA initiatives of the EU have not been particularly proactively coordinated, but most of the global initiatives have been complementary to the EU's bilateral TRA, if more by default than design. Regional initiatives have not featured prominently in Ghana.

Complementarity with other donors, including EU MS, has been reasonable but probably diminishing. Especially in the global initiatives, the EU has focussed on the areas where it had a comparative advantage and provided value added, such as support to complying with SPS and TBT.

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

Improving the trade policy environment has been part of the focus of PSTEP which provided budget support to the government and had trigger indicators related to the improvements. In general progress was made regarding the indicators that were supposed to measure improvements in the trade policy environment and the share of non-traditional exports. However it is questionable how much EU's TRA contributed to this. Indeed some of the indicators were probably outside the scope of the GoG to influence and there were concerns about the appropriateness of the. The improvements, in as much as they were real de facto improvement, were overwhelmingly achieved by the government with limited direct support by EU's TRA.

The very limited direct support to trade policy environment and trade negotiation capacity was either too generic in nature to be relevant to the Ghanaian context (e.g. TradeCom on WTO negotiations) or too detached from the demands and capacity challenges of MoTI (e.g. support to EPA negotiations through the capacity component of PSTEP). This reduced effectiveness and impact, but again only minor resources have been invested.

Support to Non State Actor (NSA) participation in trade policy formulation has been limited, partly reflecting the fragmentation of the private sector organisations. Civil society has demonstrated some capacity to capture the public opinion against EPA negotiations and both the EU and GoG have proved unable to constructively engage and counter these.

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

The EU has only contributed indirectly to the reduction of trade-related transaction costs through trade facilitation, mostly through the PSTEP which focussed on reducing time to import and export, while leaving actual implementation and choice of *how* to achieve this fully in the hands of the Ghanaian authorities. These have augmented the reform process of customs that began with the introduction of the Ghana Community Network (GCNet, aiming to automate and computerise paperwork between trade operators, revenue agencies and regulatory bodies through a single window) with further automation, computerisation and online linking of customs related authorities. This has reduced time to import and export, lowered transaction costs and reduced customs related corruption. However wider trade facilitation outside GCNet has proven more challenging as coordination between agencies is still sub-optimal.

As there has been no EU-supported 'customs reform programme' it is challenging to attribute any of these achievements and it is also difficult to establish the counterfactual scenario (i.e. if there had not been a PSTEP programme). Based on interviews and discussion with key stakeholders the EU's contribution has been modest but nevertheless appreciated initially, whereas donor-GoG relations in the PSDS forum subsequently deteriorated and TRA has become more fragmented. This has probably reduced the scope for providing support to and dialogue on more comprehensive reforms that are needed to address many of the challenges on the unfinished agenda of improving trade facilitation.

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

There was (and is) clearly a need to strengthen SPS / TBT policy, legislation and compliance which could arguably have featured more strongly in the PSDS / PSTEP framework. However many of these issues will be addressed under the TRAQUE project (successor programme to the PSTEP).

Another project of the EU, COLEACP, has worked at the enterprise level with some elements aiming at better compliance. However this was at enterprise level and benefitted comparatively few enterprises.

In sum very little was done in this area, but substantially more was planned under TRAQUE which is now (mid 2012) being implemented and hence outside the evaluation period.

Evaluation Question 7: To what extent has the EU's TRA contributed to deepening regional economic integration?

Very limited has taken place in the context of ECOWAS and while the financing agreement of PSTEP made 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' there has been no mentioning 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's TRA to ECOWAS has not been able to fundamentally change this perspective.

Evaluation Question 8: To what extent has the EU's TRA support to trade development helped improving market access and investment climate?

Market access has improved substantially over the evaluation period with export growing by 54%, accompanied by even stronger growth in foreign direct investment (FDI). However, while there is robust evidence that EU's TRA contributed in certain areas to this growth in exports, the exact *attribution* to EU's TRA is virtually impossible to quantify.

In the direct support to cocoa and pineapple productions (CSSP and COLE ACP) this is partly due to limited impact monitoring which reduces the knowledge concerning cost effectiveness and poverty reduction impact. Nevertheless both interventions clearly helped smallholders and agricultural workers to increase income through improved market access. The key challenge, especially for the CSSP, has been to mainstream the models and find finance for such mainstreaming, which points out the importance of also addressing the framework conditions.

These framework conditions were the main focus of the PSTEP, which seems to have assisted in improving these, although there are some major inherent methodological challenges in establishing such attribution, not least since most of PSTEP was provided as budget support. As stated above the PSTEP did not reach all agreed objectives and the EU has since abandoned the sector approach (including SBS). However it would seem that with the return to project approaches, the EU may lose an important avenue for dialogue on how trade development can improve market access and investment climate. PSTEP seems to have had the potential to move beyond the micro-level support toward addressing systemic issues, which appears to have become more challenging.

No direct attempts were made to promote FDI in the evaluation period nor did it feature in the PSTEP indicators. FDI increased by a factor of 17 during the evaluation period mainly driven by substantial oil-associated investments and some aggressive marketing by the Ghana Investment Promotion Centre (GIPC).

Evaluation Question 9: To what extent has the EU's TRA mainstreamed poverty reduction in TRA design and implementation?

Poverty aspects have been poorly addressed and monitored at both design and implementation stage. Nevertheless, the EU's TRA interventions have contributed to increasing trade and reducing poverty, but with shoddy analytical basis and haphazard monitoring it is impossible to confidently attribute exact impact or distil lessons learnt on where TRA delivers poverty reduction most efficiently.

Proving causation between trade reforms and poverty is notoriously hard but the EU could perhaps have done more to raise the issues in its dialogue with GoG (also in the context of multi donor budget support), including mitigating measures and how to better document poverty impacts, through e.g. applied research.

The CSSP had a more direct ambition to increase incomes and improve gender imbalances, but again poor design around its poverty reduction strategy and inadequate monitoring did little to maximise and document impact and later attempts to rectify were not able to fundamentally change the situation. The only clear and documented impact concerns the drastic reduction of child labour. In sum, this does not entail that the project as such failed in reducing poverty (it probably had a robust impact), but it clearly did too little to explicitly formulate a poverty strategy and monitor such endeavours.

4.2 Other findings outside EQs

It would seem that the trade dialogue between the EU and GoG has, to a certain extent, deteriorated over time in Ghana, and while there are multiple reasons for that, it would appear that the EPA negotiations have not contributed to improving the political environment for such dialogue. Indeed both EPA as a political dialogue and the support that has been (and is being) offered is often viewed as supply-driven and not reflecting the priorities of Ghana. Moreover, the extreme and unbalanced views of some sections of the civil society have been instrumental in making Ghanaian authorities reluctant to engage in trade policy dialogue with the EU, despite holding pragmatic views on the issue. The technical arguments for signing up to EPA did not seem to sway the authorities (or many experts) and a dominant view is that the EU has invested too much prestige in the concept to allow it to falter.

5 Conclusions

The core TRA support, which has included support to MoTI has seen an almost complete reversal in terms of modalities. Prior to the evaluation period TRA was delivered mostly using project approaches but the EU deemed this as ineffective in catalysing needed systemic changes and also as too transaction cost intensive. Instead, the EU opted to provide (sector) budget support as the only donor in the area, whereas others provided assistance that was less aligned (pooled or just within the policy framework). While some results were achieved under the budget support approach, the failure to reach all agreed (ambitious) targets combined with a general deteriorating policy dialogue environment, led to serious disillusionment with this approach. Moreover, in the latter part of the period donor fragmentation accelerated both within the private sector development area and elsewhere with an increasing return to discrete project interventions. The EU has followed this trend with abandoning the SBS approach, instead opting to provide TRA as a traditional project. However, it is by no means evident that this reorientation is capable of circumventing all the well-known challenges typically associated with fragmented and projectised aid, and which was a key driver behind the (now increasingly irrelevant and ineffective) Paris Declaration and Accra Agenda. Nor did the context warrant a significant shift away from budget support as fiduciary standards have been high and general government effectiveness reasonable. Clearly there have been real and substantive issues regarding the capacity and at times commitment of MoTI in promoting the shared TRA objectives, and the indicators could arguably have been better designed. But increasingly by-passing the ministry and other government organisations through supply-driven conventional projects hardly seems as the appropriate response to restoring capacity and commitment from GoG.

Outside 'core' TRA, the Commission has supported the productive sectors. Assistance was most notably provided to the smallholders within cocoa and pineapple production (the latter through a global initiative). These measures clearly were relevant and provided effective and impacting assistance, although there were sustainability challenges. Moreover, inadequate monitoring at both output and outcomes level undermined the ability to better identify the exact achievements and hence also limited the learning opportunities therefrom.

While there have been challenges in maintaining alignment, ensuring better monitoring and designing appropriate indicators, it is nevertheless clear that EU's TRA has contributed to integrating Ghana into the world economy by supporting the government directly and through support to exporting producers and their organisations.

6 List of persons met

Name	Position / Entity
George Aboagye	Chief Executive Off., Invest Prom.Centre
K. Amofo-Yeboah	Operations Manager, SPEG
Samuel Anokye	Snr Policy Officer, Assoc. Of Ghana Industries
Nana Osei Bonsu	Director General, Private Enterprse Foundation
Samuel Brew	Head of Admin, Ghana Export Prom.Autority
Brigitte Cuendet	Head of Cooperation, Swiss Embassy
David Domes	Head of Trade & Econ. Sec., European Union
Isaac Gyamfi	Chief Tech. Avisor, Int. Inst. Of Tropical Agriculture
K. Armo-Himbson	Ag. Chief Director, Ministry of Trade & Industry
Claude Maerten	Head of Delegation, European Union
Eric Minta-Asare	Executive Director , Pineapple Exportes Association
Stephen Minta	General Manager, SPEG
Stephen Oteng	Ag. Executice Sec., Ghana Chamber of Commerce
Augustine A. Otoo	Director, Investments, Ghana Inv. Prom Centre
Edoardo Peterlini	Team Leader, TRAQUE, Ministry of Trade & Industry
Agatha Quayson	PSD Specialist, Swiss Embassy
Akwasi Brempong Safo	Snr. Invest. Prom.Off , Ghana Inv. Prom Centre
Joe Tackie	Coordinator , PSDD11, Ministry of Trade & Industry
Seth Twum-Akwaboah	Exec. Director, Ass. Of Ghana Industries
Emma Clua Vanderllos	Programme Officer, European Union

*Thematic Global Evaluation of European Union's
Support to Trade-related Assistance in Third
Countries*

Field Visit Note

Country/Regional Organisation:
Uruguay and MERCOSUR

July 2012

Evaluation for the European Commission





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**Multi-country thematic and regional/country-level
strategy evaluation studies and
synthesis**
in the area of external co-operation

LOT 1

**Multi-Country Evaluation Studies of Economic
sectors/themes of European Union's External
Cooperation**

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Specific contract n° 2010/254070 and n° 2011/261-717

**THEMATIC GLOBAL EVALUATION OF
EUROPEAN UNION'S SUPPORT TO
TRADE-RELATED ASSISTANCE
IN THIRD COUNTRIES**

Field Visit Note

*Country and Regional Organisation:
Uruguay and MERCOSUR*

July 2012

*This evaluation is carried out by
EGEval II/Particip GmbH*

Authors: Hugo Hays, María Inés Ares

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

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

1 Introduction

Particip/EGEVAL II has been contracted by the Commission to undertake the Thematic Global Evaluation of European Union's Support to Trade-Related Assistance in third Countries. Both, ACP and non-ACP countries, are covered by the evaluation (specific contract numbers EVA 2007 - 2010/254070 and EVA 2007 – 2011/261-717).

The main objective of the field phase was to complete the data collection undertaken during the desk phase and to contribute to answering the EQs. It aims at verifying, complementing, validating and/or revising the preliminary findings formulated in the draft desk report. Moreover, its objective is to test the hypotheses set forth during the desk phase.

The purpose of the note is to summarise the findings from the field that will feed into the synthesis report. This note is neither a country evaluation nor a self-standing impact evaluation, and does not intend to pass judgement on the performance of the EU Delegation to Uruguay and MERCOSUR, nor on its national/regional partners.

Uruguay and MERCOSUR were chosen for a field based on mainly two criteria, namely 1) importance of regional integration and 2) importance of trade-related standards and norms in the TRA portfolio of Uruguay and MERCOSUR. Moreover the final country selection was made in dialogue with the Joint Evaluation Unit. More detailed information on the scoring methodology and field country considerations can be found in the desk report.

The field visit was undertaken from 9th July to 19th July 2012. The consultants would like to thank all those met for sharing their insights, views and experience with us. The list of those met can be found in chapter 6. The country field team assumes sole responsibility for the views, opinions and errors expressed in this report

2 Short description of EU's support to TRA in Uruguay and MERCOSUR

The EU development programmes in Uruguay were mainly destined to reform the economy and public administration in the wake of the recession, and to apply a successful economic revival development plan. The aim was to re-establish social cohesion through an increase in the efficiency of the national economy and public administration, whilst strengthening research, development and innovation, with the objective of strengthening the competitiveness of the basic economic sectors.

Uruguay had furthermore a relevant participation in the majority of the regional programmes regarding MERCOSUR, supported by the EU. One of the important programmes was Cooperación para la Armonización de Normas y Procedimientos Veterinarios y Fitosanitarios, Inocuidad de Alimentos y producción agropecuaria diferenciada. This project had as its general objective the strengthening of the regional integration process of MERCOSUR through the support of the development of a harmonised and equivalent food control system for the four MERCOSUR countries.

Other TRA interventions supporting MERCOSUR arose from the strategies, plans and sector agendas defined by the MERCOSUR itself, through its Technical Committees and its political fora (such as the Ministerial Meetings of the environment, trade and industry sectors).

Main evaluative focus:

<i>Title of the intervention</i>	<i>Committed amount for the intervention in €</i>
Uruguay	
Programa de Apoyo a la Competitividad y Promoción de Exportaciones de la Pequeña y Mediana Empresa. (Programme for Support to Competitiveness and Promotion of Exports in SMEs) (PACPYMES)	5,400,000
Programa de Apoyo a la Cohesión social y Territorial en Uruguay, (Programme for the support of Social and Territorial Support in Uruguay), Uruguay Integra.	12,000,000
MERCOSUR	
Cooperación para la Armonización de Normas y Procedimientos Veterinarios y Fitosanitarios, Inocuidad de Alimentos y producción agropecuaria diferenciada (Cooperation for the Harmonisation of Food Safety, Veterinary and Phytosanitary Standards and Procedures and differentiated farm production) (SPS)	7,160,000
Programa Apoyo a la Profundización del Proceso de Integración Económica y Desarrollo Sostenible del MERCOSUR (Programme for the Support of the Strengthening of the MERCOSUR Economic Integration and Sustainable Development) (ECONORMAS MERCOSUR)	12,000,000

3 Data collection tools and methods used (their limits and possible constraints)

Before the field visit, information received from the DEU and websites of the different programmes was collated, and project and programme documentation in relation to the evaluation's planned objectives was analysed, reviewing the programmes' layout and their relationship with trade.

During the field visits, interviews were conducted with units or government agencies working with international cooperation, stakeholders in each programme, management units, participating technicians, beneficiaries and other donors. Chapter 6 contains a list of institutions and persons interviewed. The information deemed of critical importance was subjected to a process of triangulation to ensure validity and internal consistency.

The team faced constraints in having limited field trip preparation time, and was faced with great diversity and a greater number of projects than originally envisaged. Their collation and the need to evaluate them took up valuable field visit time, as did the relative lack of documentation available for two of the three regional programmes (Al Invest and Econormas).

Certain difficulties were faced in confirming interviews, due to the fact that the two working weeks coincided with the winter holidays and therefore many people were not available. At the EU Delegation in Uruguay, only two persons could be met.

4 Summary of main findings

4.1 Main findings related to the evaluation questions

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

The EU's development policies in Uruguay and MERCOSUR have closely followed national and regional demands. In Uruguay, they have mainly centred on reinforcing the economy as a whole, with often indirect TRA. In MERCOSUR, TRA has been more directly addressed. In Uruguay, the political programme from the incoming (2004) centre-left government has been closely aligned to the EU's Guadalajara declaration in the country strategy paper (CSP) and resulting projects. EU programmes followed policies developed by the Government of Uruguay (GoU), however parallel structures were set up in the projects for the management of procurement, accounting and monitoring and evaluation (M&E) – the one exception to this was the INNOVA programme which was managed by the ANII (Agencia Nacional de Investigación e Innovación), a state institution.

EU TRA related priorities in the region centred on development strategies based around institutional strengthening mainly at the level of government staff capacity building, for the activities of productive development, export promotion, control systems and negotiations.

Planning and execution of projects have improved over time, although there are still problems originating in the design of regional projects (SPS and ECONORMAS), in particular the latter, due to the great variety and complexity of issues included.

There was an active private sector within Uruguay, but no mechanism for official engagement at regional MERCOSUR level, although in the case of AI-Invest evolution over the four phases towards the use of consortiums means that there is now a direct involvement through the chambers of industry in each country.

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

Use of projects was the correct format for the institutional framework in Uruguay and MERCOSUR. Furthermore, there was an effective selection of channels.

Evaluation Question 3: To what extent has the EU'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?

There is overall coherence of EU TRA assistance with key EU development policies and those linked with trade. EU-MERCOSUR relations were (and are) based on a framework Cooperation Agreement signed in 1995. However, free trade agreement negotiations between EU and MERCOSUR have been completely de-linked from TRA since 2004 at the request of MERCOSUR. Uruguay negotiates free trade agreements as part of the MERCOSUR block and is therefore in the same situation. Since 2010 negotiations have re-started, however MERCOSUR itself is at a difficult crossroads due to the suspension of Paraguay and recent inclusion of Venezuela. It is envisaged that future negotiations will eventually produce a partnership agreement. An encouraging move is that MERCOSUR has recently approved an External Development Policy.

Cooperation with other EU Member States (EU MS) at the level of both Uruguay and MERCOSUR worked well, with regular meetings taking place and logical division of areas, facilitating activities complementing each other in numerous cases. The main EU MS active in the region and Uruguay was Spain. Other donors included the Inter-American Development Bank (IADB) and UN, with whom complementarity has been sought, for example the PACPYMES project's cluster component synergised with a similar (albeit smaller) project managed by the IADB. As another example, UNDP has cooperated in the execution of the INNOVA programme. Donor coordination has been improved with positive expectations for the future.

The regional project design and approval process appears inefficient and disjointed, partly due to the need by the EU to have less, but bigger projects (stated by the EUD), which merge more than one activity line into one agglomerated project. The involvement of more than one Technical Sub Group of MERCOSUR

complicated the management of projects immensely although it brought added buy-in. Such was the case for ECONORMAS, which brought together harmonised labelling of chemicals, strengthening of the metallurgy and wood/furniture sectors, alongside issues of quality of electric appliances and desertification mitigation factors – this project reported to two Technical Sub Groups.

In general the EU TRA to Uruguay was focused on strengthening of SMEs (ALINVEST and PACPYMES), whilst the policy towards MERCOSUR has been to provide capacity building for institutional reinforcement, especially in areas where the block already had technical harmonisation activities set in motion.

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

TRA related to trade policy has been limited at MERCOSUR institutional level (SPS and TBT projects), and to a small extent in Uruguay at private sector level (AI-Invest and PACPYMES). The GoU already had well developed bilateral trade policy mechanisms to a high extent. Trade policy was an integral and mainstream part of the overall agenda of MERCOSUR, however the skills lied with the national governments as it is an inter-governmental organisation. Trade issues addressed regionally have been more technical in nature rather than political.

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

AI-Invest and PACPYMES have provided strong base for development of good business & quality management practices, and support to exporters. The PACPYMES project was designed to introduce the cluster principle to Uruguay, with relatively successful implementation.

In MERCOSUR, during its implementation, the SPS project was taken on board by MERCOSUR institutions on the condition that it was purely technical and clearly separated from MERCOSUR-EU AA negotiations. Trade related costs have not fallen in the short term.

Towards the beginning of the evaluation period, there was another project at MERCOSUR level, aiming at trade facilitation via harmonising custom procedures. However, due to design and implementation problems, the project produced poor results. Main problems were a very long consultation process in the beginning of the project, communication problems and expected results which were completely out of sync with the way of working of the inter-governmental nature of MERCOSUR.

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

At Uruguay level, EU's TRA has contributed only indirectly to compliance with TBT and SPS measures, through the SPS project at MERCOSUR level. There was no direct contribution at either level for participation in trade-related technical standards. In terms of enhanced conformity assessments, the capacity building carried out for setting up the REDISAM (MERCOSUR online database network for SPS alerts and notifications) was useful in principle, although the equipment could not yet be fully installed and the network has not been set up. Considerable assistance in analytical equipment was provided to SPS laboratories in the region, addressing among other the asymmetry in capabilities by member states across the region. There was furthermore extensive training for institutional technical staff.

The ECONORMAS project provided for some analytical equipment for the region's laboratories, as well as support in defining standards in different areas identified as priorities for the member countries.

However, very little direct attribution can be given to EU TRA in terms of increased participation and compliance of trade related standards. The capacity within the region was already quite strong and has been very active even before the creation of MERCOSUR. The main effort has been in the area of harmonisation and production of guidelines, which have not yet been finally approved nor implemented, therefore impact to date is limited.

Evaluation Question 7: To what extent has the EU's TRA contributed to deepening regional economic integration?

The main characteristic of MERCOSUR is that the process of integration is very pragmatic, gradual and on-going. It is inter-governmental in nature (not supra-national), and implies the incorporation of national legal systems into the standards produced by the group. Decisions are adopted by consensus.

These aspects mean that it makes decision-taking very difficult, and a lot of effort has to be laid out in order to obtain the consensus of the four member states in all aspects of MERCOSUR. It is necessary to grasp these concepts in order to understand the type of integration MERCOSUR is undertaking, and in order to evaluate the TRA support.

Because of this set up, the EU has had to adapt its TRA to match the “gradualist” approach – this meant that great efforts had to be put in place to prepare issues for decision, and to obtain consensus and buy-in from all member states at all steps, including the preliminary studies and justification. This brought about delays and required projects’ ambitions to be adapted accordingly. Impacts of the projects were normally not seen within their lifetime. This is the case of the SPS regional project, which suffered from lack of buy-in at the beginning due to alleged lack of consultation with responsible technical bodies prior to its launch, then had some implementation issues and finally is set to deliver some of its objectives after the end of the project.

In the case of Uruguay, as for any MERCOSUR Member State, the regional dimension is seen from the national point of view, i.e. it is Uruguay that participates as a full member of the group, without delegation to another supra-national body. Each Member States specifies for itself, which aspect of a regional project it wants to carry out at country level. Funding already existed for participation in regional meetings and projects. Therefore there was no need to request for EU assistance to participate at the regional level.

Evaluation Question 8: To what extent has the EU's TRA support to trade development helped improving market access and investment climate?

There has been little direct TRA support in terms of trade development to neither MERCOSUR nor Uruguay. Market access has improved substantially over the evaluation period with exports more than doubling between 2004 and 2010 (from US\$ 2.2 billion in 2003 to US\$ 8.0 billion in 2011), accompanied by an average GDP growth of 6.5%, and by a strong growth in foreign direct investment (FDI), where Uruguay is now second only to Chile in terms of FDI as percentage of GDP, at around 6%, or US\$ 2.4 billion). Most of the investment comes from Argentina, Spain, USA, Brazil and UK, representing around 50% of FDI in 2010.

However, export growth has mainly been in the traditional commodities sectors of meat, agriculture and wood/wood based products. Although EU TRA has contributed in certain areas to a growth of competitiveness of Uruguayan companies, it is difficult attribute any impacts to EU's TRA. This is mostly due to insufficient information gathering by the projects (PACPYMES) and programmes (AI Invest), but also due to the fact that TRA support was not targetted at exports, and there have been no direct attempts to promote FDI in the evaluation period.

In terms of strengthening of the clusters supported, conclusions from the PACPYMES show that although the level of knowledge, association and business practices has improved across all clusters, due to the relatively short duration of the project with respect to the timeframe needed to create strong clusters, the success rate is not high. Longer term support has been provided by the Ministry of Economy taking over the project's functions to ensure sustainability.

Evaluation Question 9: To what extent has the EU's TRA mainstreamed poverty reduction in TRA design and implementation?

It must be stated that the poverty reduction in Uruguay improved significantly (between 2004 and 2008, poverty decreased from 33% to 21.7%), which also holds true at the MERCOSUR regional level.

The EU has aligned itself with the GoU strategies to target reduction of poverty in the regions of the country where indices show it to be more prevalent. However, the direct link between EU TRA and poverty reduction is very difficult to establish. Some of the clusters supported by PACPYMES were located in less developed areas (away from the capital) and sectors (artisanal cheese making). The AI-Invest programme did not distinguish gender or poverty issues, evaluating each project purely on the business plan viability.

AECID, which contributed significantly at the end of the evaluation period both to MERCOSUR and Uruguay, has concentrated on the areas of gender equality and poverty reduction, however not in relation to TRA. Similarly, the EU has several projects unrelated to TRA which address poverty, gender issues and other MDGs.

Gender, fair trade and ILO standards were generally not a primary focus area, which seems appropriate given that the characteristic of the support did not lend itself to such emphasis. In absolute terms research suggest that poverty has fallen as economic growth has accelerated, but there were difficulties in measuring the impact in each of the projects in terms of social aspects including poverty reduction and gender. Therefore it must be concluded that this was an aspect of project implementation which did not receive enough attention and follow up.

4.2 Other findings outside EQs

During the evaluation period, the relationship with MERCOSUR has gone through different phases: up until 2004, negotiations for a Free-Trade Agreement were on track. Then these were frozen until 2008, when discussions re-started with the objective of reaching an Association Agreement. These discussions have however progressed very slowly. Over the same period, the economic and social situation of MERCOSUR and its Member States has improved thanks to a very strong growth in demand for commodity products, which are produced in the region, and for which the region has a significant competitive advantage. This situation has led to a scenario where assistance from the EU has been subject to many conditionalities on behalf of the recipient(s), such as a pre-condition that any assistance be de-linked from the negotiations between the blocks. A learning process has also taken place whereby the EU has had to understand that the two blocks (MERCOSUR and the European Union) work with radically different structures, which has also constrained TRA provision.

On the other hand, the long-term commitment on behalf of the MERCOSUR members is changing in the face of the fast pace of development. There is potential for Member States to break out of the group negotiation constraints and begin to agree on bilateral conditions of trade in the medium future, which could mean changes also for the EU approach to negotiating with the block and not the individual countries.

In terms of Uruguay, it must be highlighted that EU assistance is winding down, and is anticipated to finish by 2014. This is thanks to the high level of development the country has now achieved, and the reduced value addition that EU programmes can provide, relative to spending the funds to support poorer countries.

5 Conclusions

At Uruguay level, the period evaluated coincides with a new government resulting from the historic victory at elections of the centre-left, re-elected in 2009. The government's programme covered democracy, social programmes, production, innovation, integration and culture. The EU cooperation supported the areas of (i) social and territorial cohesion and (ii) innovation, research and development, which coincide with the government's own focus (except "culture"). Trade was therefore not a focal sector of cooperation, except in terms of production. This strong alignment between the EU and Uruguayan government probably explains the relatively successful implementation and sustainability of programmes implemented, and assistance to the country in recovering from the severe economic crisis it suffered in 2001-2002. Programmes carried out in Uruguay were generally well managed, effective and reached an acceptable level of impact. The sustainability of the programmes has been well taken into account by the GoU, which has put in place measures to continue some of the initiatives started under EU projects. A good part of the programme's success is undoubtedly due to the close alignment of the EU assistance with the policies developed by the GoU.

At MERCOSUR level, the inter-governmental structure of the organisation made it an unwieldy partner to deal with in terms of implementing cooperation projects. The need for consensus-based decisions means that special emphasis needs to be placed on obtaining full buy-in for projects being implemented regionally. What drives the EU cooperation with MERCOSUR is the aspiration of reaching an Association Agreement. However, this possibility is looking increasingly remote. Issues with implementation of the projects included 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. The TRA projects had so far no significant impact.

6 List of persons met

Name	Position / Entity
Marta Bentacur	UPEFRUY (Uruguayan Growers and Exporters of fruits)
T. Bianchi	SENASA
A. Boschiero	Ministry of Industry, Energy and Mining, DINAPYME
Maria Croci	AUCI (Uruguayan Agency of Cooperation International)
Soledad Eguren	European Union Delegation
Flavia del Fabro	Industries Chamber of Uruguay
Cristina Gonzalez	MERCOSUR Direction
S. Guarnerio	MGAP
G. Iabicucla	SENASA
F. Ladron	SENASA
J. Martinez	Ministry of Industry, Energy and Mining, DINAPYME
Virginia Martinez	AECID(Spain Cooperation)
Annamaría Narizano	LATU
Jorge Paolino	Industries Chamber of Uruguay
Cecilia Perez	Life Science Cluster
Daniela Raposo	Management Unit of SPS Proyect
Luis Sica	MERCOSUR, International Cooperation Direction
Jose Silva	Research Institute (INIA)
Robert Steinlechner	European Union Delegation

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Support to Trade-related Assistance in Third
Countries*

Field Visit Note

Country:
Zambia

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Evaluation for the European Commission





Aide à la Décision Economique
Belgium



Particip GmbH
Germany



Development
Researchers'
Network

Italy



European Centre for Development Policy
Management

The Netherlands



Overseas Development Institute

United Kingdom



Deutsches Institut für
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German Development
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**THEMATIC GLOBAL EVALUATION OF
EUROPEAN UNION'S SUPPORT TO
TRADE-RELATED ASSISTANCE**

IN THIRD COUNTRIES

Field Visit Note

Country: Zambia

June 2012

*This evaluation is carried out by
EGEval/Particip GmbH*

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

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

1 Introduction

Particip/EGEVAL II has been contracted by the Commission to undertake the *Thematic Global Evaluation of European Union's Support to Trade-Related Assistance in Third Countries*. Both, ACP and non-ACP countries, are covered by the evaluation (specific contract numbers EVA 2007 - 2010/254070 and EVA 2007 – 2011/261-717).

The main objective of the field phase was to complete the data collection undertaken during the desk phase and to contribute to answering the EQs. It aims at verifying, complementing, validating and/or revising the preliminary findings formulated in the draft desk report. Moreover, its objective was to test the hypotheses set forth during the desk phase.

The purpose of the note is to summarise the findings from the field that will feed into the synthesis report. This note is *neither* a country evaluation nor a self-standing impact evaluation, and does not intend to pass judgement on the performance of the EU Delegation to Zambia, nor its Zambian partners.

Zambia is of interest because it accounts for nearly 4% of TRA in the examined categories for the evaluation period; is involved in EPA negotiations and has been active in the WTO as LDC chair; and is host to COMESA. The final country selection was made in dialogue with the Joint Evaluation Unit. More detailed information on the scoring methodology and field country considerations can be found in the desk report.

The field visit was undertaken between the 3rd and the 14th of July 2012. The consultants would like to thank all those met for sharing their insights, views and experience with us. The list of those met can be found in chapter 6. The country field team assumes sole responsibility for the views, opinions and errors expressed in this report.

2 Short description of EU's support to TRA in the country/region

During the years 2004 to 2010, Zambia received € 16.4 million in TRA, focused in the areas of trade policy and regulation and trade development. Zambia also benefitted from All ACP Programmes in the TRA, and from support to adjustment in the sugar sector following reform of the EU – ACP sugar protocol.

Interventions have tended to focus on private sector development. Initial support was sector, even sub sector, specific, delivering measurable impact in terms of exports and job creation but of questionable long term impact as several key constraints to an enabling environment were not addressed. Later intervention included the enabling environment more comprehensively in its ambit, and where beneficiaries had absorptive capacity this support has led to sustainable improvement at institutional level and in terms of services delivery. By and large impact was limited to sectors or specific services. This was in part because there was on-going support to a broader reform process and the TRA was realigned to avoid duplication. But this also reflected the somewhat ad hoc nature of intervention. Initially support in the area of trade related assistance was in response to a collapse in credit which threatened viable export sectors; intervention then evolved in response to the lessons learned from the programmes rather than a systematic and strategic assessment of key issues for trade. This strategic deficit reflects the limited explicit role identified for regional integration and trade in national development plans.

In terms of trade policy and negotiations, the programmes did support private sector and Non-State Actors (NSA) involvement in policy development. Several sectors supported by the programmes now engage in policy dialogue, not just in the context of trade negotiations but also e.g. reform of the policy framework for key trade sectors, in particular tourism. However, the capacity in the Ministry is not deep. There is also no evidence of the Ministry playing the needed “gatekeeper” role to screen policies to ensure that the country, not just a specific sector benefits; and that policy measures adopted by other ministries are as least trade distorting as possible.

While the programmes did achieve some successes with evidence of sustainability in several areas, Zambia remains a difficult country to do business in. Its ease of doing business ranking fell from 80th to 84th between 2002/06 and 2007/11. It is also a difficult country for trading – ranked 153 in the world in terms of ease of crossing borders, with an estimated 44 days to export (compared to an Sub Saharan African average of 31) at a cost of US\$2,678 (compared to an Sub Saharan African average of US\$1,960).

Main evaluative focus:

<i>Title of the intervention</i>	<i>Committed amount for the intervention</i>
Export Development Programme (EDP) II	2.658.900
Capacity Building for Private Sector Development (CBPSD)	13.343.007

3 Data collection tools and methods used

Prior to the field visit the country field team undertook a desk review of available literature, both specific to EU supported interventions, as well as broader documentation regarding other development partners, as well as the overall evolving status of the TRA in Zambia during the evaluation period. In addition to studying the documentation available from CRIS, the team also interviewed key informants with relevant knowledge on the chosen interventions.

Two focus group meetings were held with beneficiaries in the private sectors and NSAs. An interview methodology was also followed which focused on the relevant EQs and the working hypotheses. A list of people met can be found in chapter 6. The information deemed of critical importance was subjected to a process of triangulation to ensure validity and internal consistency.

Given the resource envelope (especially time-wise) for the field phase, prioritisation was necessary and the field team thus had no ambition of re-doing evaluations that had already been undertaken. Rather the team relied extensively on evaluations and other programme documents and attempted to extract more general findings, trends and recurring themes that are of relevance to a broader audience. The dialogue with informants also centred around distilling broader lessons and themes, rather than focussing on the minute details of the selected projects. To reiterate, this country note is thus not a judgement of the performance of individual projects, nor of the overall TRA portfolio of the EU Delegation. Rather it is an attempt to learn from the Zambian experience and to encourage wider reflections on how best to structure and focus EU TRA.

4 Summary of main findings

4.1 Main findings related to the evaluation questions

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

EU TRA has supported export growth and non-traditional exports, coinciding with Zambia's export diversification policy. It did also enhance the performance of trade related services provided by public and private sector institutions.

Programmes have evolved as circumstances have changed. The initial EDP intervention addressed export financing, which at the time of a financial crisis in Zambia risked chocking off exports. The programme responded to criticism that it was only for the major players by increasing access for smaller and less established players, and the CBPSD broadened the scope of intervention to include institutions import for the environment for the private sector. The CBPSD also reoriented to take account of the private sector reform programme.

However, regional integration and trade are not mainstreamed in national development in Zambia. There is not a consideration of openness and integration as well as trade agreements and policy as being means which could be used to further national development objectives. This has meant that activities were not strategic and there was no analysis to allow an assessment of whether interventions have corresponded to the priority issues for enhancing regional integration and trade and their use as tools for development.

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

Modalities and channels have been appropriate to delivering TRA, given the fact that regional integration and trade was not a priority or mainstreamed in national development planning of development co-operation. It is important to note that the Diagnostic Trade Integration Study / Enhanced Integrated

Framework (DTIS/ EIF) process was dormant in Zambia until very recently. And while GBS did include trade related indicators, but these were dropped by mutual agreement.

In such a context, even though much of the intervention to institutions such as Zambia Bureau of Standards (ZMB) could have been channelled through GBS, if accompanied by a sound needs assessment, organisational re-engineering and strong monitoring and evaluation (M&E), resources would not have reached them given the low priority assigned to the their services.

The use of a programme mechanism is also appropriate where partners' capacity is weak and they lack technical capability. In such circumstances the programme approach could allow an institution to articulate its role, mandates and resource requirements – allowing it to be in consideration for budget support. It is noteworthy that institutions such as ZBS, now that they have improved their performance with the help of EU TRA, have been able to attract more government and other donor funding.

However beneficiaries questioned the extent to which the programmes had the technical expertise to truly assist institutions. And the institutions, public and private, to benefit from EU TRA were those that had strong technical capacity in their areas. And at the programme level, the opportunities for synergies were missed. The programmes did not engage on the key issues relating to mainstreaming regional integration and trade. They were largely private sector development programmes with a trade element. That being said, the EDP did create the framework that led to the National Working Group on Trade and the CBPSD did provide technical assistance to develop negotiation capacity and strengthen the network between government and NSA. Regional programmes and TradeCom also provided complimentary assistance in areas such as service negotiations in COMESA and SADC.

Evaluation Question 3: To what extent has the EU'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?

The EU and other EU Member States (EU MS) saw regional integration and trade as being largely carried in the regional integration programmes or in MS' regional programmes (such as TradeMark South Africa). There was no explicit consideration of linking national and regional programmes. A key challenge for TRA was the dormancy of the EIF process, which is now being re-invigorated by a new team.

NSA involvement in the design of EU TRA has been minimal but has been important and targeted implementers and beneficiaries of TRA.

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

The EU TRA, both national programmes and the regional integration programmes and All ACP programmes, have significantly enhanced the involvement of NSA, including the private sector, in trade negotiations. Building the capacity of a network, not just a ministry, reduced vulnerability to staff turnover within government. However, there has been limited consideration of the capacity of the Ministry of Commerce Trade and Industry (MCTI), in particular the core function of being able to assess – either internally or through commissioning work - e.g. private proposals for trade negotiations.

EU TRA has contributed to the improved performance in export promotion, export finance, and enhanced capacity in import procedures. It has also been fundamental to establishing a consultation mechanism and network including the private sector and other NSA in trade policy. This has made capacity less vulnerable to staff turnover at the Ministry. However, the lack of capacity at the ministry to assess the cost-benefit of private sector proposals made trade policy vulnerable to vested interest capture.

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

The simplification, standardisation and harmonisation of trade procedures has been subsumed with the Private Sector Reform Process as part of the broader efforts to improve on the business environment and an improving on the “doing business” indicators. The main efforts on trade facilitation have been via the north south corridor as well as COMESA and SADC.

The Zambian Revenue Authority (ZRA) was eligible to EU TRA. A Commission of Inquiry in 2011 revealed substantial irregularities in ZRA procurement and management and in interviews, it was

suggested that part of the reason for the ZRA not drawing on EU TRA was because key personnel did not want the additional scrutiny that would have accompanied assistance.

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

ZBS was a major beneficiary of the CBPSD. Support allowed them to test more products and inspect more companies and imports that contributed to the eradication of sub-standard products and improved the quality of products produced domestically. The needs assessment helped them develop a more strategic intervention, and has facilitated their efforts to attract greater funding from the Government of Zambia (GoZ) and other development partners (DP).

ZBS is not an accredited certification body internationally. There is only one testing lab that is accredited in the country. There is a National Quality Strategy in place with clearly delineated responsibilities and an established legal and regulatory framework, though mandates for different institutions are being reassessed. And there have been instances where ZBS and the Ministry of Agriculture have not worked in as close co-ordination as set out in procedures.

ZBS is actively involved in COMESA and SADC SQAM processes, including the harmonisation of standards. National standards were adopting regional standards, which were in turn based on international standards, though there was not complete co-ordination between the SADC, COMESA and EAC processes.

The focus of quality infrastructure in relation to trade has been imports. With regards to exports the sectors involved have generally relied on their customers to send their own testers. This clearly pushed up the cost of exports, but it is not clear whether key customers would have been prepared to not undertake their own testing in any case. In the prioritisation of which services and areas to support, the private sector was not consulted. The marketing aspects of quality infrastructure were also deficient, threatening both relevance and sustainability.

There was also a significant lacuna in the quality infrastructure, which is the lack of a statutory requirement for, and the capacity to undertake, regulatory impact assessments.

Evaluation Question 7: To what extent has the EU's TRA contributed to deepening regional economic integration?

There was very limited national support in the context of COMESA or SADC, except for training in areas such as services negotiations, also supported by regional and All ACP programmes. This reflects the already noted low priority given to regional integration and trade as a strategic instrument for development by the GoZ and DPs.

Support to regional integration has been via the regional programmes and the north south corridor.

Evaluation Question 8: To what extent has the EU's TRA support to trade development helped improving market access and investment climate?

At the programme level, surveys undertaken by the programmes record significant increases in exports and employment as a result of interventions. The focus groups confirmed a significant impact in the areas of success, though could not confirm the figures, but also noted that the level of success varied widely by sector and association.

EU 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 and not supported by government resources, leading to trade fairs and market development activities no longer included as activities to be supported.

Support was targeted at investment promotion via the Zambia Development Association (ZDA). This support was constrained by the challenges of the ZDA as a new organisation, the limited attention given to organisational design and resourcing, and personality clashes.

EU TRA established an export finance mechanism that was initially quite innovative. The mechanism has been taken up by GoZ with the establishment of Zambia Export Development Fund (ZEDEF). Support did not seek to address the financial system through developing e.g. credit lines.

Evaluation Question 9: To what extent has the EU's TRA mainstreamed poverty reduction in TRA design and implementation?

Poverty has not been addressed directly or systematically – again in part because of the interpretation of demand driven. 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.

4.2 Other findings outside EQs

Questions are being raised by DPs over the utility of using national development plans as a framework for co-operation and co-ordination as government adherence to their own plans is patchy.

There is also some evidence of “creeping conditionality”: for example in support to the transport sector DPs are trying to ensure a focus on tertiary road construction. In part this is the result of disagreement over strategy, in part because of concerns that the choice of activities is as much related to politicking and the personal gain of those involved as to promoting national development.

Experience with the “hands off” and no-TA approach in the PRSDP II has not built confidence of the DPs in GBS, and one member state has withdrawn from a joint funding agreement (JFA) and established an own programme as they had doubts whether the JFA would lead to results.

Interviews with Government officials confirmed commitment to GBS.

However, DPs questioned the commitment of GoZ to the joint assistance strategy for Zambia (JASZ) with a move to bilateral discussions with DPs on support for private sector development.

5 Conclusions

EU TRA has been using project approaches as its aid modality. GBS has not addressed trade related assistance directly, and the inclusion of trade related indicators was dropped by mutual agreement.

EU TRA in Zambia has increased exports and enhanced the services delivery of some trade related institutions and private sector organisations, with evidence of sustainability. It has enhanced the participation of the private sector in trade policy development and negotiations. While the programmes have been demand driven, a significant part of the impact has come from proactively identifying needs.

Impact has been in instances where the programmes have been working with technical capable counterparts with a relatively clear mandate and adequate governance. The TRA has been effective in helping these partners identify their needs in delivering according to their current operations and in providing inputs. The programmes have not succeeded in building the capacity of weaker partners; and have not generally attempted to work with partners in redefining strategies and activities to better enhance integration into the regional and global economy.

Despite weak monitoring and evaluation (M&E) the programmes have evolved to address criticisms made and become more comprehensive and open to a wider range of beneficiaries, though not adequately adapting support to address the greater weaknesses of the new targeted beneficiaries. And there have been questions over the degree to which the programmes have provided the best and most appropriate TA. The effectiveness of the programmes has also been affected by procedures, both in terms of operational issues – such as issues relating to eligibility – and procedural – the early closure of one of the programmes.

The programmes interventions are a second best solution - practical in terms of making progress where there was a greater chance of success. However given the lack of a systematic assessment of the barriers to trade and regional integration, it is not possible to assess whether the interventions were relatively effective or whether a better return could have found elsewhere.

The key challenge is the lack of a systematic and shared framework for dialogue and intervention. The DTIS is outdated and the EIF process has been dormant. DPs, including the EU and EU MS, have contributed to this situation by seeing regional integration and trade mainstreaming as something to be addressed through the regional and multilateral programmes. The politicisation of the EPA negotiations, it has been suggested, may have also made it more difficult to be seen as a co-operating partner that is “purely technical” in its trade related assistance.

6 List of persons met

Name	Position / Entity
Eric Beaume	Head of Cooperations, EU Delegation
Chriatopher Chilongo	Director, Total Water Solutions
Temwani Chihana	EDF Coordinator, Ministry of Finance and Development
Peggy Kaunda Chituta	Metrology Manager, Zambia Bureau of Standards
Daniel Hrtado Dominguez	First Secretary Head of Section – Regional Cooperation, EU Delegation
Frace T Jonker	ZEDEF Project Coordinator, Zambia Development Agency
Nkuruma Chama Kalaluka	Policy Officer, Embassy of the Kingdom of the Netherlands
Kelvin Kamayoyo	National Trade Expert, Enhanced Intergrated Framework
Rigers Kapila	Monitoring & Evaluation Officer, Ministry of Finance and National Planning
Hillary M Kumwenda	Trade Investment Promotion Officer, Ministry of of Commerce, Trade and Industry
Margaret Lwenje Lungu	Standards Development Manager, Zambia Bureau of Standards
Chilambwe Lwao	Programme Officer Private Sector Develop, EU Delegation
Ville Luukkanen	Counsellor for Economic growth and private sector development, Embassy of Finland
Ute Maass	Third Secretary Development, Cooperation and Trade, Embassy of the Federal Republic of Germany
Francis S Malala	President, Timber Producer Association
Nicodemus Malisa	Laboratories Manager, Zambia Bureau of Standards
Charles Masange	Vice President, Timber Producers Association of Zambia
Glyne Michelo	Director ZDA
Frank Mulenga	Finance Director, Zambia Weights & Measures Agency
Steffen Munzner	German-Zambian Business, Information Linkage Desk (GZID), Zambia Development Agency
Stephen Mwansa	Permanent Secretary, Ministry of Commerce, Trade and Industry
Healy Mweemba	Team Leader-(NIU), Enhanced Integrated Framework(EIF)
Machushi Nachilongo-Kauta	National Expert - Human Capacity Development, GIZ
Mukuka W B Nankwe	Managing Director, NUBE SUPPLIERS
Suzanne Parkin	Private Sector Development Adviser, DFID
Solomon Simutowe	Senior Economist, Development Cooperation, Ministry of Foreign Affairs Zambia
Janet Simwanza-Chilufya	National Trade Expert, Enhanced Intergrated Framework
Nathan Sing'ambwa	Finance manager, Zambia Bureau of Standards
Mr S B Vora	Chairman, Fallsway Timbers