

Joint evaluation of
co-ordination of trade capacity building
in partner countries

JOINT EVALUATION OF CO-ORDINATION OF
TRADE CAPACITY BUILDING IN PARTNER COUNTRIES

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Aide a la Décision Economique (ADE)

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Colofon

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Foreword

The group of Heads of the EU Member States' development cooperation evaluation services and the European Commission (EU-HES) have agreed to carry out a series of joint evaluation studies aimed at establishing the degree of application and impact, in terms of development cooperation, of the principles of *coordination*, *complementarity* and *coherence* which are enshrined in the Maastricht Treaty. An initial report was published in 2004.¹ In 2005, a series of six evaluation studies was launched, each dealing with a specific aspect of the potential impact of the 3Cs. It is expected that all evaluation studies will have been completed by the end of 2006. The studies are carried out in a decentralized fashion, with a lead agency and a steering group being responsible for each study as follows:

| <i>Evaluation study</i> | <i>Lead Agency</i> |
|--|---------------------------------|
| Common Foreign and Security Policy/Development – The use of Cotonou Partnership Agreement's Article 96 | The Netherlands |
| Coordination of Trade Capacity Building in Partner Countries | European Commission – EuropeAid |
| Coordination and complementarity in Humanitarian Assistance | European Commission – ECHO |
| EU Mechanisms that promote Policy Coherence for Development | France |
| Coordination and Complementarity of Country Strategy Papers with National Development Priorities | United Kingdom |
| Coordination and Complementarity of Assistance for Local Development | Sweden |

The evaluation on Coordination of Trade Capacity Building in Partner Countries was managed by the Evaluation Service of EuropeAid Cooperation Office, and supported by the Evaluation Services of the United Kingdom, France, Belgium and the Netherlands. This evaluation study was carried out by Aide a la Décision Economique (ADE) and examines the extent to which the European Commission and the Member States have achieved effective co-ordination and complementarity of Trade Capacity Building initiatives.

1 Hoebink, P. [ed.] (2004) 'The Treaty of Maastricht and Europe's Development Co-operation – Triple C Evaluations No 1.' (Amsterdam: Aksant Academic Publishers)

The overall conclusion is that TCB should be systematically integrated into the partner's poverty reduction strategy and should be treated as a priority multi-sectoral issue in any policy discussions on economic growth and poverty reduction as well as in any strategies elaborated on the basis of these discussions.

The study's results are available at a timely moment where the European Commission and the Member States are considering the most effective and appropriate ways to support developing countries in their integration into the world economy. This publication, the fifth in the Studies in European Development Co-operation Evaluation series, reports on the overall results of this evaluation study.

Eva Lithman, Chair of the EU-HES Task Force for the evaluation of the Three Cs

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http://www.three-cs.net/resource_corner/ongoing_studies



List of Abbreviations

| | |
|--------|--|
| ACP | Africa, Caribbean and Pacific (countries) |
| AFD | Agence Française de Développement |
| BAMEX | Business and Market Expansion (USA) |
| BS | Budget Support |
| CB | Cross-Border |
| CBFA | Committee for Budget and Financial Affairs |
| CBI | Centre for the Promotion of Imports for Developing Countries |
| CE | Commission Européenne |
| CG | Consultative Group Meetings |
| CIMEM | Comité d'Intégration de Madagascar à l'Economie Mondiale |
| CODEV | Council's Working Party on Development Co-operation |
| COMESA | Common Market for Eastern and Southern Africa |
| COMM | Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee |
| CSP | Country Strategy Paper |
| DAC | Development Aid Committee (OECD) |
| DAG | Donor Assistance Group |
| DB | DataBase |
| DC | Developing Countries |
| DDA | Doha Development Agenda |
| DFID | Department for International Development |
| DG | Directorate General |
| DREE | Direction for External Economic Relations of the French Ministry of Economy |
| DSRP | Document de Stratégie pour la Réduction de la Pauvreté |
| DTIS | Diagnostic Trade Integration Study |
| EBA | Everything But Arms |
| EC | European Community |
| EIB | European Investment Bank |
| EPA | European Partnership Agreement |
| EQ | Evaluation Question |

| | |
|-------|---|
| ESA | Eastern and Southern Africa |
| EU | European Union |
| FAO | Food and Agriculture Organization of the United Nations |
| GATS | Government Agreement on Trade in Services |
| GATT | General Agreement on Tariffs and Trade |
| GBF | Groupement des Bailleurs de Fonds |
| GTZ | Gesellschaft für Technische Zusammenarbeit |
| HQ | Headquarter |
| IF | Integrated Framework |
| IFSC | Integrated Framework Steering Committee |
| IFWG | Integrated Framework Working Group |
| ILO | International Labour Organisation |
| IMF | International Monetary Fund |
| IPR | Intellectual Property Rights |
| ISQG | Inter Service Quality Support Group |
| ITC | International Trade Centre |
| JITAP | Joint Integrated Trade Assistance Programme |
| JTDEG | Joint Trade and Development Experts Group |
| LDC | Least Developed Country |
| MFN | Most Favoured Nation |
| MoTI | Ministry of Trade and Industry |
| MS | Member States |
| MTS | Multilateral Trading System |
| NIP | National Indicative Programme |
| OECD | Organisation for Economic Co-operation and Development |
| PNSP | Programme National d'appui au Secteur Privé |
| PRCC | Programme de Renforcement des Capacités Commerciales |
| PRSP | Poverty Reduction Strategy Paper |
| PSD | Private Sector Development |
| PSD/T | Private Sector Development and Trade |
| QSG | Quality Support Group |

| | |
|--------|--|
| REC | Regional Economic Communities |
| RSP | Regional Strategy Paper |
| SDPRP | Sustainable Development Poverty Reduction Programme (Ethiopia) |
| SMB | Secrétariat Multi-Bailleurs |
| SPS | Sanitary and Phyto-Sanitary measures |
| STA | Secrétariat Technique à l'Ajustement |
| T&D | Trade and Development |
| TA | Technical Assistance |
| TBT | Technical Barriers to Trade |
| TCB | Trade Capacity Building |
| TCBDB | Trade Capacity Building Data Base |
| TF | Trade Facilitation |
| TOR | Terms of Reference |
| TRA | Trade-related Assistance |
| TRTA | Trade-related Technical Assistance |
| UN | United Nations |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Programme |
| UNEP | United Nations Environmental Programme |
| UNIDO | United Nations Industrial Development Organisation |
| USAID | United States Agency for International Development |
| WB | World Bank |
| WCO | World Customs Organization |
| WG | Working Group |
| WIPO | World Intellectual Property Organization |
| WSSD | World Summit on Sustainable Development |
| WTO | World Trade Organisation |

Preface

This evaluation is one of a series of joint evaluation studies, initiated by the Heads of the European Union Member States' evaluation services and the European Commission (EU-HES). The evaluations aim at assessing the role played by the Maastricht Treaty precepts of coordination, complementarity and coherence in European Commission's and EU Member States' development cooperation policies;

The European Union is currently considering the most appropriate way to support developing countries in their integration into the world economy. Within this framework the EU is devising numerous trade capacity and adjustment programmes. This evaluation tries to anchor this reflection into the broader development debate, in particular regarding the need and efficiency of trade capacity building initiatives, primarily at EU level, but also in relation to multilateral, national, regional and pluri-lateral initiatives. The study provides valuable insights to development policy makers in the European Commission (EC) and relevant institutions of the Member States (MS), as well as in Partner countries.

Trade Capacity Building (TCB) includes two broad areas of assistance: trade policy and regulations; and trade development. The evaluation, conducted under EC auspices and in which also Belgium, France, The Netherlands and the United Kingdom were involved, assesses the extent to which the EC and the MS have achieved effective co-ordination and complementarity of TCB initiatives.

The evaluation focuses on Africa, Caribbean and Pacific (ACP) countries and on the Doha agenda period from 2001 to the present. The evaluation's scope for assessing co-ordination is not limited to the specific relations between the EC and MS; it also encompasses co-ordination between EU donors (the European Commission and the Member States) and the Partner countries or regions, where possible taking into account aspects of ownership, harmonisation and alignment.

Main findings indicate room for improvement

The *Aide à la Décision Economique (ADE)* evaluation team concludes that while internal co-ordination of services dealing with trade-related issues in the MS and the EC have improved, awareness of TCB issues and the capacity to address their complexity remain limited. The evaluators acknowledge the considerable effort which has been made to establish co-ordination mechanisms at various levels (among the agencies and services of the same EU donor; between the EC and the MS at Headquarters level; in-country between the EC and MS). While the design of the mechanisms is adequate, in practice co-ordination has mainly led to some improvements in information sharing and avoidance of duplication but not to further benefits or results, in the absence of a preliminary consensus on co-ordination beyond this level.

Decisions on how to address TCB remain primarily in line with priorities established in the MS or EC Headquarters. In the evaluators' judgement this results in diverging views between the various actors, makes coordination difficult, and produces negligible gains in terms of transfer of information, sharing of experience, development of common practices and procedures, and distribution of responsibilities.

The evaluation team stresses that building the trade capacity of a Partner country or region, requires a coordinated approach that addresses the multi-sectoral dimensions of trade policy and development in articulation with the goals of the poverty reduction strategies and its mainstreaming into national development plans. The frequent absence of such a focus and of successful mainstreaming practices has limited the contribution of TCB programmes to comprehensive capacity-building for trade in Partner countries.

The *ADE* evaluation team believes that The Integrated Framework (IF) for Trade Related Capacity Building for Least Developed Countries (LDC) has the potential to achieve this systemic approach to TCB coordination. It adds however, that in order for this potential to be realised, the framework must be enhanced so that it strengthens both country ownership and donor commitment.

The team notes that the Integrated Framework has not met donors' or Partners' expectations: in most cases its first step, the Diagnostic Trade Integration Study, has not been the starting point for funding and implementing strategic TCB interventions.

The evaluators also observed a general awareness that EU internal policies and regulations have a major influence on ACP countries' trade. In Partner countries however, there is not much information on these policies and on their consequences. Most TCB-related studies and seminars which aim at the Partner countries, do not focus on EU-specific rules and policies but rather focus on TCB processes itself or on the negotiation processes leading to Economic Partnership Agreements.

I hope you will find this study useful and informative and that it helps to stimulate further contributions to the ongoing processes to enhance coordination and harmonisation in the area of development cooperation, at EU level as well as on a wider scale.

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Head of Joint Evaluation Service (common to DGs Development, External Relations
and EuropeAid)
EuropeAid Cooperation Office
European Commission

Executive summary

Objective and scope of the evaluation (Section 1.1)

The Joint Evaluation of Co-ordination of Trade Capacity Building (TCB) in partner countries is part of a set of six evaluation studies launched under the so-called **3Cs** (co-ordination, complementarity, coherence) **Initiative**. This joint exercise is being supervised by the Group of Heads of EU Evaluation Services for External and Development Co-operation, and managed by the Evaluation Units of the European Commission's EuropeAid Co-operation Office and four Member States (MS), namely the United Kingdom, France, Belgium and the Netherlands.

The objective of this evaluation is to assess the extent to which the European Commission and the Member States have dedicated efforts to promoting co-ordination and complementarity of their TCB initiatives, and how effective these efforts have been. The evaluation focuses on ACP countries and on the period from 2001 to the present (Doha agenda).

TCB encompasses activities that help partner countries access the rules of the Multilateral Trading System (MTS), implement its regulations, and maximise the benefits from their participation. These activities fall within two broad areas of: assistance: trade policy and regulations; and trade development.

The evaluation's scope for assessing co-ordination is not limited to the specific relations between the Commission and the Member States as defined in the EU treaties; it also encompasses co-ordination between EU donors (the Commission and the MS) and the partner countries or regions, taking into account as far as possible the aspects of ownership, harmonisation and alignment.

The evaluation was conducted in three phases: (Sections 1.2-1.3)

The **first phase** entailed structuring first the approach (analytical work on the definition of TCB; analysis of the institutional context for the provision of TCB by the Commission and the MS; analysis of co-ordination and the main co-ordination mechanisms developed or used by the Commission and the MS; and an overview of the main activities of the EU donors in the provision of TCB), and second the methodology, including reconstructing the intervention logic of the co-ordination process¹; formulating the

1 See annex 7.

Evaluation Questions (EQs), Judgement Criteria and related indicators; and developing the methods and tools to be used for collecting the information. Nine Evaluation Questions were formulated against the benchmark of the intervention logic².

The **second phase** was focused on fact-finding through documentary analysis; interviews at HQ level and in the central co-ordination mechanisms of the Integrated Framework (IF) in Geneva; and field visits to two selected countries (Ethiopia and Madagascar). A survey³ made possible a further broadening of the information base to Commission Delegations and MS Representations in 49 countries; representatives of partner countries involved in TCB activities; and members of the Joint Trade and Development Experts Group (JTDEG, an *ad hoc* group of experts representing the Commission and the MS). The evaluation faced a series of constraints, basically related (i) to the specificity of the subject under evaluation (assessment of co-ordination as a process as opposed to conventional evaluations of programmes or policies), (ii) to the difficulty of identifying countries for field visits and case studies, and (iii) to the disappointing response rate to the questionnaire survey.

The **third phase** consisted of an analysis of the findings, a synthesis of the findings and formulation of conclusions and recommendations.

Mechanisms of co-ordination for TCB activities (Sections 2 and 3.1)

Co-ordination of TCB activities mainly takes place at three levels:

At the **wider level**, co-ordination is organised through participation of the Commission or MS in the interventions of multilateral institutions. This is mainly organised around the IF in Geneva, the Joint Integrated Technical Assistance Programme (JITAP), and initiatives adopted under the Doha Development Agenda.

At **headquarters (HQ) level**, co-ordination of TCB activities between EU donors is four-fold. First, there is co-ordination between national and Community agencies (Council's Working Party on Development Co-operation [CODEV]; the Article 133 Committee; and Regional Working Groups such as the ACP Working Group, which oversees the implementation of the Cotonou Agreement). None of these formal groups is specifically geared to trade issues; at this level, only the JTDEG has a specific trade focus but at the same time it has no formal official position. Second, there is internal co-ordination within the respective Commission and MS Services. Third, there are co-ordination initiatives by some MS which do not necessarily involve the Commission (e.g. the Nordic Africa Initiative). And fourth, there are regional co-ordination initiatives supported by the Commission (context of EPA negotiations).

At **field level**, co-ordination is a very *ad hoc* process that may vary from one country to another, depending on the number of MS represented, the presence or absence of a Commission Delegation, the type of activities developed, the importance of TCB in

² See annex 8.

³ See annex 9.

donor aid programmes and the instruments used (see section 3.1.3 and the Country Notes for Ethiopia and Madagascar).

Findings supporting the answers to the evaluation questions (section 3.2)

Three groups of evaluation questions (EQ) are considered:

Group 1 (EQ 1 and 2) examines the extent to which the co-ordination mechanisms between the Commission and the MS are appropriate to achieving complementarity of their TCB activities.

In the trade area the main co-ordination mechanism at HQ level is the Article 133 Committee. It is designed to allow the Commission to inform the MS on how it fulfils its exclusive mandate in international negotiations and to take account of the views of the MS when preparing its position. The work of the Committee is supplemented by numerous informal meetings and discussions in Brussels and Geneva. The design and the formal and informal operational procedures of the Committee and its preparatory groups are appropriate to its objective.

In the development area the Commission and MS have individual policies. The JTDEG was created to improve understanding of the convergence between trade and development and to bring together actors operating in these two areas, sharing information on the policies and activities of the MS and the Commission, and strengthening co-ordination through the adoption of best practices and common guidelines. This *ad hoc* Group is regarded as useful and necessary but its status and functioning suffer from a number of weaknesses, in respect of:

- Participation: apart from Commission staff and a few of the more active MS representatives, heterogeneity in participation and a lack of continuity have limited the “blending” of the trade and development representatives;
- Provision of information: the group offers a valuable forum for exchanging views and information, but its agenda is insufficient to ensure systematic provision of information on the intended future activities of the participants;
- Best practice and common guidelines: the adoption of best practice is regarded as important by several members (mainly on the Commission’s side) but has not really been addressed by the agenda. Similarly there has been no consensus for a discussion of the Commission’s guidelines for TRA or for a move towards common guidelines;
- Informal status: the Group’s informal status, and in particular the absence of documented records of its activities, limits follow-up on points agreed at the meetings.

At field level, where specific TCB coordination mechanisms have been set up, most donors active in the field of TCB in the country have participated and have tried (not always successfully) to involve the partner in discussions. This participation has also been dependent on the relative weight of trade priorities in the PRSP, the institutional capacity of the government to participate in discussions and the ability to identify a responsible spokesperson for the various parties interested in the crosscutting issues handled. The outcomes of the co-ordination efforts in the field have not been measur-

able but the mandate of the groups concerned certainly includes information sharing, common reviews and development of common approaches.

Group 2 (EQ 3 to 5) assesses the extent to which these co-ordination mechanisms address the effectiveness of the co-ordination process, and how far they have been exploited to ensure economies of scale, experience sharing, improved programming and implementation of TCB activities.

EU co-ordination mechanisms for TCB **at HQ level** are limited to exchanging information on EU donor programmes and activities in TCB. Co-ordination goes little further than this. Reticence is evident on the MS side on the adoption of common EU guidelines for TCB: despite the Commission's efforts and the Council's Communication on Co-ordination, these Commission-designed guidelines are not taken into consideration by the MS. But even at the most basic level of co-ordination, namely information sharing, weaknesses exist: the information flow is essentially a one-way flow, from the Commission to the MS, with low involvement of most MS. There is little information on what is achieved in the field. There is no continuous or structured link between HQ-based co-ordination mechanisms for TCB and corresponding in-country mechanisms.

In the programming of TCB, co-ordination is not designed around a specific EU framework, but around **multilateral initiatives**. Mechanisms such as the IF process, the WTO Trust Funds and the WTO accession plans facilitate a participative and complementary approach between all participants. EU donors tend to act autonomously and, in general, decisions on and selection of interventions by EU donors remain primarily in line with priorities established in their own HQs or in the field, although always in response to demands expressed by the partner. EU participation in multilateral initiatives (such as the IF and JITAP) is generally led by the MS rather than by the Commission. The 133 Committee is not primarily concerned with TCB although it does achieve a EU consensus on the position to be taken on a number of specific trade-related activities (e.g. the training programmes of the WTO), while the JTDEG has engaged in discussion about the objectives and management of TCB activities and to a lesser extent about the participation of EU donors in these activities. However this has not in general led to a consensual EU position on TCB during discussions at wider level, nor has it had much impact on EU donor activities on the field.

In partner countries, overall co-ordination mechanisms have been developed and successfully exploited to avoid duplication of efforts and to facilitate complementarities. But in the specific area of TCB they have not matured into common programming or provision of a common strategic response to the TCB needs of the partner. Co-ordination on TCB activities is generally conducted at the level of donor participation in overall co-ordination mechanisms or in more specific mechanisms. No particular benefits are expected from specific EU co-ordination of TCB in the field. Further, in most partner countries adequate fora for co-ordination of TCB activities have been developed under multilateral initiatives. These take the form mainly of meetings on

the IF agenda and meetings of working groups on private sector development (PSD) and trade (or similar). Sharing of information on TCB activities, development of a common understanding of these issues and allocation of tasks according to donor comparative advantage are seen as important issues, but are inadequately addressed under the IF in the field. Moreover, there was little indication of any allocation of responsibilities according to donor comparative advantage in either Madagascar or Ethiopia.

Group 3 (EQ 6 to 9) assesses the extent to which EU co-ordination has led to improved consistency and performance of TCB interventions, or to greater ownership and improved partner capacity for addressing EU policy measures affecting trade.

At field level, evidence suggests that **EU co-ordination has not succeeded in offering a more consistent and coherent framework for TCB interventions**. First, efforts to make the relevant departments of the Commission Delegations and MS Representations aware of TCB issues have not yet borne fruit. Most departments or services remain focused on their own sectors of interest, resulting in compartmentalized assessment of TCB needs and priorities, with no proper account taken of the cross-cutting dimension of trade development. Second, in-country TCB co-operation between the Commission and MS is not systematic and depends on local circumstances, projects and programmes. The Commission is seldom perceived as the relevant level for co-ordination of TCB activities.

Co-ordination might improve the performance of TCB activities through establishment of clear **common schedules** for different donors; adoption of **common procedures**; application of **lessons learned** in the country or elsewhere; and **division of labour** between EU donors that reflects comparative advantages. But in practice **evidence that these potential gains from co-ordination have materialised is scarce**. To the extent that there have been gains it is mainly from the co-ordination process involving *all* donors (IF; preparations for WTO accession), rather than from any specific EU co-ordination. In the rare instances where common procedures have been adopted, these have only partly reflected the partner's procedures. Similarly there is little evidence that co-ordination has led to the pooling of "best practice" in any partner country. There may have been cases where co-ordination has led to greater complementarity and avoided duplication, but this is by no means the general experience.

The extent to which co-ordination has facilitated development of a **TCB strategy endorsed by government and donors** varies from one country to the other. TCB issues are usually not a priority in general policy consultations between government and donors. Policy dialogue in TCB suffers from unclear trade policy directions and from the difficulty of identifying, within any given partner government, a single interlocutor capable of mastering the crosscutting dimension of TCB issues. Moreover, the willingness of partner governments to participate in such dialogue, as well as their willingness to involve private sector operators, varies. The IF can help this process along by rallying government and donors around a common understanding of the constraints and priorities; by framing policy dialogue between donors and partner; and by contrib-

uting to a TCB strategy that is owned by the partner, addresses its needs and priorities and is shared and supported by the donors.

There is a general awareness that EU **internal policies** and regulations have a major influence on the trade of ACP countries. However, there is an absence of **information** on these policies and on their consequences. Studies and seminars conducted under programmes defined at the wider level (IF, WTO seminars) do not focus on EU-specific rules and policies. Efforts by EU donors have mainly taken the form of studies on the impact of the EPA (generally viewed as insufficient in terms of quality or of involvement of the partner) or of information provided to operators through various types of PSD project. Diverse efforts have been made to develop TCB activities directed at addressing EU policy measures. They take the form of large Commission regional programmes focusing on helping countries comply with and adjust to SPS standards, or of bilateral interventions by one or several donors in the same country. So far these activities remain limited and do not seem to emanate from a co-ordinated donor view.

Conclusions (Section 4)

The overall conclusions include a synthesis of the findings and answers to the evaluation questions⁴ and then address the policy implications for the co-ordination process. Conclusions 1 to 4 point to the fact that considerable effort has been made to develop co-ordination mechanisms at various levels. While the design of the mechanisms is adequate, in practice co-ordination has not led to the expected benefits or results. It has led to improved information sharing and avoidance of duplication but awareness of TCB issues and the capacity to address their complexity remain limited. Moreover co-ordination has not brought about an allocation of activities based on the respective experiences of EU donors such as would facilitate strategic responses to the TCB needs of partners. Conclusion 5 highlights the systemic dimension of TCB and the importance of articulating it on the goals of the poverty reduction strategy and its mainstreaming in national development plans. The frequent absence of such a focus has limited the contribution of TCB programmes to comprehensive capacity-building in partner countries. Conclusion 6 points to the potential of the IF as the main mechanism for all donor-partner co-ordination of TCB, but also to the fact that the IF has not met the expectations of donors and partners, while in most cases the DTIS, albeit a valuable output, has not been the starting point for funding and implementing strategic TCB interventions.

These conclusions and recommendations are derived from the analysis conducted in the ACP context. Given, the rather generic nature of the coordination process they may apply to a broader context. However, the extension of the conclusions and recommendations beyond the scope of the evaluation, although suggested in different audiences where the provisional results of this study were presented, is left to the judgement of the reader.

4 The report displays the cross references of each conclusion to the supporting findings.

Recommendations (Section 5)

General Recommendations derived from these Conclusions are grouped in three sets, according to their degree of importance (from 1, most important to 3, less important). In the main text the links to the respective conclusions are systematically indicated, as also are the identity of the actors that would be responsible for their implementation.

1° The most important set of recommendations aims at improving the integration of TCB into poverty reduction strategies. Under this group eight operational recommendations, targeted at HQ and field levels, can be encapsulated in the general recommendation that *TCB should be systematically integrated into the partner's poverty reduction strategy and should be treated as a priority multi-sectoral issue in any policy discussions on economic growth and poverty reduction and in any strategies elaborated on the basis of these discussions*. They are as follows:

R5.1.1: *The Commission and the MS need to spearhead efforts to increase awareness of TCB as a multi-sectoral issue in their own development and trade agencies.*

R5.1.2: *The Commission and the MS should systematically integrate TCB into their institutions' guidelines, whether for programming, monitoring or evaluation.*

R5.1.3: *Pursue the existing efforts already being undertaken to address complex trade and development issues and disseminate the results of their work and conclusions more widely, including to other EU donors.*

R5.1.4: *Increase co-ordination in the preparation of programming, monitoring or evaluation guidelines.*

R5.1.5: *The Commission and the MS should increase their lobbying for the integration of TCB in PRSPs.*

R5.1.6: *The Commission and MS should ensure that a co-ordination forum for TCB exists in-country and in the regions where significant TCB takes place.*

R5.1.7: *The Commission and MS should ensure that co-ordination mechanisms produce value added for the partner, other donors and themselves.*

R5.1.8: *The Commission should propose setting up financial instruments for TCB Programmes such as contribution agreements open to MS and other donor participation.*

2° The main implication of conclusion 6 is that *the Integrated Framework should be strengthened, more widely spread and, where it exists, be adhered to*. This forms the second set of operational recommendations.

R5.2.1: *At Headquarters level and in-country the MS and the Commission should individually and jointly make efforts to strengthen and improve the IF process and to increase its resources.*

R5.2.2: *In country, DTIS studies should be used to organise TCB assistance.*

R5.2.3: *In order to strengthen ownership of the IF by partner countries the EU donors should use the co-ordination process to better assess and build up the capacity of the partner to participate in trade-related discussions and co-ordinate its own activities in this field.*

3° The five operational recommendations of the third set stem from the conclusions pointing to a deficit of co-ordination between EU donors which tend to focus on their respective priorities. Considering that the JTDEG is the main potential EU co-ordination instrument for TCB at HQ level, these recommendations aim at improving its functioning and strengthening its role. They are:

R5.3.1: *Develop the role of the Joint Trade and Development Experts Group so that it becomes the focal point for EU information sharing and co-ordination on multilateral initiatives on the interface between trade and development..*

R5.3.2: *Draw on the expertise of the Joint Trade and Development Experts Group in the preparation of the EU position in multilateral meetings of the Integrated Framework, JITAP, EPA negotiations and other fora and ad hoc bodies which operate at the interface between trade and development.*

R5.3.3: *The Joint Trade and Development Experts Group should be systematically used to share information and experience on the IF.*

R5.3.4: *Make progress towards the production of common technical guidelines on TCB in its various forms.*

R5.3.5: *The JTDEG should ensure the regular and frequent updating by the Commission and the MS of the DAC database (the TCBDB).*

Finally, two “other recommendations” are not specifically connected to any of the previous sets but are practical steps reinforcing the other efforts.

R5.4.1: *In the Delegations and MS country or regional Representations, responsibilities should be re-organised to facilitate more systematic exchanges of views, information and experience in both directions.*

R5.4.2: *In every trade agency, department or service a person or group should keep development issues in view, and similarly in every development agency, department or service a person or a group should keep trade issues in view, and these persons or groups should liaise with each other.*

1. Evaluation framework

1.1 Purpose and scope of the evaluation

The evaluation of co-ordination of trade capacity building (TCB) in partner countries is part of a set of six evaluation studies, each of which covers specific aspects of the 3Cs (co-ordination, complementarity, coherence). It is a joint evaluation under the supervision of the Group of Heads of EU Evaluation Services for External/Development co-operation. It is managed by the Evaluation Unit of EuropeAid and the Member States that are actively involved are the UK, France, Belgium and the Netherlands. The objective is to assess the extent to which the European Commission and the Member States have dedicated efforts to promoting co-ordination and complementarity of their TCB initiatives in the ACP countries, and how effective these efforts have been.

*Trade capacity building*¹ covers assistance supporting the integration of the partner countries into the Multilateral Trading System (MTS). It encompasses a series of activities to help partner countries access the rules of the MTS, implement its regulations and maximise the benefits from their participation. These activities fall into two broad categories: (i^o) assistance in the area of trade policy and regulations; (ii^o) assistance in the area of trade development.

Based on this evaluation, recommendations are made on how to improve co-ordination and complementarity of TCB programmes, including attention to fostering greater ownership among national and regional stakeholders (State and non-State actors). The evaluation covers the period from 2001 to the present day, that is the period subsequent to the WTO 4th Ministerial Meeting in Doha.

This report presents the final synthesis of the evaluation and is organised as follows: the remaining part of this introductory chapter is devoted to clarifying the concepts of TCB and co-ordination and to describing the evaluation organisation and methodology; Chapter 2 presents the institutional context for the provision of TCB, an overview of

¹ Annex 4 provides the common WTO/OECD/EC definition of Trade-Related Technical Assistance/Capacity Building (TRTA/CB) and the related terminologies, Trade Capacity Building (TCB) and Trade-related Assistance (TRA) and explains their meaning and coverage.

donor activities in this domain, the logic of EU donor interventions² and concludes with a presentation of the Evaluation Questions; Chapter 3 summarises the main findings; and finally chapters 4 and 5 present the conclusions and recommendations respectively.

Co-ordination is defined as: “Activities of two or more development partners that are intended to mobilise aid resources or to harmonise their policies, programmes, procedures and practices so as to maximise the development effectiveness of aid resources. With regard to co-ordination several levels (international, regional, national, sub-national, sectoral) can be distinguished, as well as differences in content (policies/principles/priorities, procedures, practices) as in intensity (consultation, co-operation, collaboration)”.³

This definition stems from the Treaties and focuses on co-ordination between the Commission and the Member States. Development co-operation with the ACP countries is conducted through a partnership agreement⁴ and, therefore, the official guidelines⁵ governing co-ordination between the Commission and the MS also insist on the importance of the role of the partner (country or region) in taking, insofar as possible, the leading role in co-ordination.

1.2 Evaluation organisation and methodology

The evaluation was conducted in three phases.

1.2.1 First phase: Structuring the approach

a) Analytical work to understand the institutional context, the nature of the process of co-ordination of TCB, and the activities undertaken by EU donors:

This step involved:

- Analysis of the definition of TCB and a descriptive analysis of the institutional context for the provision of TCB by the MS and the Commission;
- Analysis of the main co-ordination mechanisms developed or used by the Commission and the MS for their TCB activities. Co-ordination takes place at different levels: the wider⁶ level, for instance, WTO or Development Aid Committee (DAC) of the OECD; Headquarters level, involving both co-ordination between the MS and

2 Throughout this whole report the term EU donors refer to the European Commission and the Member States.

3 This definition is developed in the appendix to the Terms of Reference (see annex 1).

4 ACP-EU Partnership Agreement signed in Cotonou on 23rd June 2000.

5 Guidelines for strengthening operational co-ordination between the Community and the Member States in the field of development co-operation (Council, March 1998), and Guidelines on operational co-ordination between the Community and the Member States (Council, 2001).

6 Co-ordination at the wider level is relevant for this evaluation only insofar as it influences or is influenced by co-ordination between the EU donors; otherwise it is not part of the scope of this study but will be addressed by another evaluation.

Commission and internal co-ordination within the agencies and services of each EU actor; and lastly in-country level⁷;

- In depth analysis of three specific categories of TCB - Sanitary and Phyto-Sanitary measures (SPS), Trade Facilitation, and Training for Trade/Negotiation Training - from the point of view of their nature, the particular challenges they pose to developing countries and the response of the EU donors;
- Overview of the main activities of the EU donors in the provision of TCB in general and more specifically in the three selected categories.

The Terms of Reference recommended focusing on an evaluation of SPS measures. Very early in the structuring process it appeared that such a narrow focus would create severe limitations in the fact finding phase given the difficulty in identifying a sufficient sample of SPS activities simultaneously involving several EU donors in some partner countries. Moreover, it was feared that a strict focus on SPS would not allow the study to maintain the objective of providing an analysis of co-ordination of TCB in general. For these reasons, the Evaluation Team recommended in the Inception Report that the scope be broadened to the analysis of the above-mentioned three categories. The Reference Group endorsed this recommendation. An analysis of the three TCB categories was conducted in the form of a desk study and interviews at Headquarters level⁸.

During the field visits, however, it emerged that co-ordination at the level of individual categories of TCB is not very relevant for the purpose of the evaluation. Generally it would boil down to an analysis of a few specific projects, the findings of which would not be very different from those delivered by an analysis of co-ordination in any kind of project, whereas the purpose of this evaluation is to derive findings specific to the provision of TCB. Such findings are best identified through an investigation of how the donors co-ordinate their efforts between themselves and with the partners so as to identify the trade-related needs and then to address them systematically and comprehensively. At the meeting presenting the findings the Reference Group shared this view and recommended that the evaluation focus on the specificity of TCB co-ordination in general.

b) The development of the methodological approach:

The methodology consisted of three stages:

- 1 Reconstruction of the *intervention logic*⁹, that is identification, on the basis of official documents and statements, of the objectives of the evaluated activities and the channels of transmission between the activities and their impacts. In the present case, the intervention logic to be reconstructed was not that of a particular project

7 Throughout this report the term partner country covers also the partner region in case of provision of TCB to a grouping of countries or a regional organisation.

8 See annex 10.

9 See annex 7.

- or programme, nor of a policy, but of a process: co-ordination between the Commission and the MS in a specific area, namely trade capacity building.
- 2 Formulation of the *Evaluation Questions* permitting the delineation and focusing of the scope of the evaluation as well as giving a more concrete content to the traditional evaluation criteria¹⁰ to be investigated. Associated with each Evaluation Question are one or more Judgement Criteria specifying the basis for answering it and, finally, quantitative and qualitative indicators are identified for the validation of each Judgement Criterion¹¹. Nine Evaluation Questions have been formulated against the benchmark of the intervention logic and with a view to covering all its aspects (see box overleaf).
 - 3 Development of the methods and tools to be used for *collecting the information* relating to each indicator to validate the Judgement Criteria and answering the Evaluation Questions.

The structuring phase was mainly conducted in Brussels in close liaison with the Evaluation Unit of EuropeAid and the Reference Group. It involved desk studies, an analysis of the WTO/OECD Trade-related Technical Assistance/Capacity Building, (TRTA/CB) data base, and numerous contacts with the services of the Commission and the Member States, some of which in their capital cities, dealing with the provision of the TCB. Two reports were delivered and approved.¹²

Evaluation Questions

EQ1: Appropriate design of co-ordination mechanisms set up at HQ level

To what extent are the mechanisms that have been set up at headquarter level to develop co-ordination between the European Commission and the Member States, and between the Member States, appropriate for achieving complementarity (and coherence) of TCB activities (resource allocation, preparing common TCB activities and facilitating programming of TCB activities)?

EQ2: Appropriate design of co-ordination mechanisms set up at partner country level

To what extent are the consultation mechanisms set up at partner country or regional level between the European Commission, the Member States, and the partner, appropriate to ensure co-ordination in programming and implementation of TCB activities?

10 The evaluation criteria are relevance, efficiency, effectiveness, impact and sustainability and the degree to which they are analysed may vary from one evaluation to another.

11 See annex 8.

12 Revised Inception Note, 16th March 2005. Revised Desk Phase Report, 1st June 2005.

EQ3: Achievements of Commission and MS participation in multilateral initiatives

To what extent did the Commission and MS participation in multilateral initiatives or in TCB activities that are organised and/or managed at a wider multilateral level, achieve its expected benefits (i.e.: economies of scale, knowledge sharing in TCB implementation, promotion of EU objectives in wider fora, optimisation of EU influence in TCB activities, leverage)?

EQ4: Benefits from use of mechanisms set up at HQ level

Have the EU co-ordination mechanisms set up at headquarter level been successfully exploited for preparation, adoption and implementation of complementary and/or mutually reinforcing TCB strategies and for facilitating co-ordination of the programming of TCB activities?

EQ5: Benefits from use of mechanisms set up at partner country level

Have the consultation mechanisms set up at partner country or regional level between the European Commission, the Member States, and the partner been sufficiently exploited to ensure co-ordination of programming and implementation of TCB activities?

EQ6: Impact of co-ordination on programming of TCB

Does EU co-ordination lead to a more consistent and coherent framework for the programming of TCB interventions?

EQ7: Impact of co-ordination on implementation of TCB

Does EU co-ordination lead to better performing mechanisms for the implementation of all or some TCB interventions?

EQ8: Impact of co-ordination on donors support to a TCB strategy owned by the partner

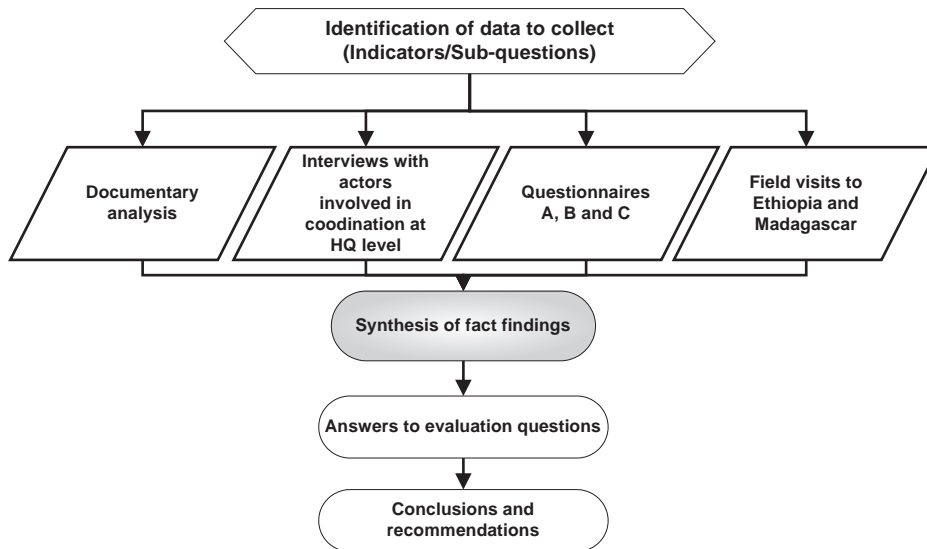
Does co-ordination contribute to the elaboration of a TCB strategy that is owned by the partner, addresses its needs and priorities and is shared and supported by the donors?

EQ9: Impact of co-ordination on the partner entering the MTS

To what extent has co-ordination of TCB at HQ level and in-country helped the partners to cope with EU policy measures that affect their trade environment, and to negotiate effectively any new agreements?

1.2.2 Second phase: Fact finding

The methodology for the collection of data and the subsequent steps of the evaluation are illustrated in the following diagram. The data to collect are indicators and sub-questions associated with the Judgement Criteria under each Evaluation Question and for which the most important likely sources of information have been identified *a priori*.



The collection of data took place through several distinct processes:

- Documentary analysis, largely conducted during the structuring phase, but continuing with new documentation collected during the field phase.
- Interviews with actors involved in co-ordination at HQ level and in the central co-ordination mechanisms of the Integrated Framework in Geneva.
- Field visits to two countries. These were selected on the basis of a series of criteria:
 - Importance of the commitments of all donors in the three specific TCB categories according to the WTO TCBDB.
 - Importance of the commitments of the EU donors in the three specific TCB categories according to the WTO TCBDB.
 - Significant involvement of the Commission in TCB activities through regional or bilateral programmes.
 - Involvement of the “most active” MSs¹³ in selected TCB categories.
 - Presence of the multilateral activities JITAP and IF.
 - Participation in a regional arrangement.

In addition it was requested that the sample should include a French-speaking and an English-speaking country. The number of countries offering a reasonable blend of these criteria and simultaneous current operations of several EU donors¹⁴ proved

13 In addition to a consultation of the TCBDB, the MS members of the Reference Group as well as Denmark and Sweden had been approached to obtain a detailed list of their TCB activities in the three specific TCB categories selected.

14 Since co-ordination at country level is largely an informal process it cannot be evaluated without contacts with the actors; this is a major limitation.

very limited. The evaluation team made a few proposals and from these the Reference Group selected Ethiopia and Madagascar.

- In order to broaden the information base, a questionnaire survey¹⁵ was launched making use of three different questionnaires targeted respectively on: A) Delegations of the Commission and Representations of the MS in 49 countries; B) Representatives of partner countries involved in TCB activities; and C) Members of the Joint Trade and Development Experts Group.

The outputs of this fact-finding phase were presented in the two field mission reports¹⁶ and in a PowerPoint presentation to the Reference Group.

1.2.3 Third phase: Analysis and synthesis

This third phase consists of the *analysis* of the findings, the *synthesis* of the evaluation and the formulation of *conclusions and recommendations*.

1.3 Limits and constraints of the evaluation

During the study a number of limitations and constraints to evaluating co-ordination of TCB between the MS and the European Commission became apparent, all linked to the specificity of the subject studied.

– Co-ordination of TCB is an intangible process

Unlike that of a country or sector programme, evaluation of a co-ordination process presents peculiar difficulties when it comes to defining its object. It is a process and it is intangible: there is thus no programme description, no identified group of activities, no targeted funding. It is possible to form a view of the activities pursued by the Commission and the Member States in the area of TCB but even that inventory is difficult to establish given the many limitations of the existing sources of documentation and the fact that TCB activities are quite frequently partial components of other activities such as rural development, private sector development, sectoral support and so on. Moreover, such an inventory does not provide any indication of whether or not these activities have been the focus of co-ordination. An essential prerequisite of the evaluation is therefore identification of existing co-ordination mechanisms and practices.

– Co-ordination of TCB is largely informal and ad-hoc

An important finding of this evaluation is that the main co-ordination takes place in the partner country or region but also that it is a very *ad hoc* process; it depends on local circumstances, on the number of donors intervening simultaneously in the area, on one or a few of them being accepted as main co-ordination leaders, and on

¹⁵ Annex 9 presents the questionnaires. It explains how they have been elaborated, their contents, targeted audience, how the recipients were identified, and analyses the responses.

¹⁶ Country Note Ethiopia, 5th August 2005.

the extent of the willingness and capacity of the partner Government to be a leading actor. Probably the most important is the role of individuals, both in taking initiatives to develop, animate and maintain co-ordination mechanisms, and in establishing personal contacts with other donors and partner. This means that one has to be extremely careful with findings related to co-ordination because they can very seldom be generalised.

– **Information must largely rely on relation of individual experiences**

Co-ordination is a dynamic process and a substantial part of it is informal and a matter of personal contacts or *ad hoc* practices influenced by local circumstances at a given time. It therefore requires direct observation and collection of the views of the persons who are or have been involved. This necessarily limits the depth of the analysis because the actors are not always available at the time of the evaluation, and people who entered or started a negotiation process within the previous six months have generally no view on the situation that prevailed before that because of the high turnover of staff both in the donor and partner communities.

– **The initial scope for observation was too narrowly focused**

The evaluation was initially focused on SPS measures and the ACP countries. As explained in a previous section, the scope has been broadened to cover all TCB assistance. Even so it still proved difficult to analyse co-ordination of TCB activities because comprehensive TCB programmes are either very recent or not yet developed in ACP countries, whereas in other regions, for instance Asia or the Mediterranean countries, there has been more emphasis on such interventions.

– **The findings from the two field visits may not cover the whole range of co-ordination cases**

Given the fact that there are no large TCB programmes simultaneously involving several donors in ACP countries and given the very *ad hoc* features of TCB co-ordination, two field visits were certainly insufficient to capture all the different configurations of TCB co-ordination and to draw lessons which can be regarded as supported by a representative sample. Moreover, the two countries visited exhibit a number of characteristics that make each a valuable case for an analysis of the co-ordination around their TCB activities, but at the same time they are rather atypical and this constitutes a further limitation to generalisation. Ethiopia is evolving from an autarkic regime towards a more open policy; it is undertaking a WTO accession process, and these endeavours are supported by various donors. However, its participation in world trade remains extremely limited in terms both of number of products and of magnitude of exports. Madagascar, after a difficult crisis, is conducting a policy very much directed to the development of the private sector but not necessarily with a view of promoting its trade orientation, and both trade policy and the direction of regional trade arrangements remain confused. Both countries are part of a regional integration grouping (COMESA) but they are not key players in it and therefore co-ordination aspects of regional TCB, the major channel for the Commission's assis-

tance in this field, could not be observed adequately from the perspective of these two countries¹⁷.

– **It proved not possible to conduct in depth case studies**

The evaluation team had envisaged conducting one or two case studies in the countries visited. Such studies would have entailed selection of a TCB intervention in which several donors participated, and an analysis of co-ordination at every stage of the cycle from inception to full completion. This proved impossible owing to the absence of projects sufficiently advanced and with significant numbers of donors, and to non-availability of actors involved in earlier stages.

– **The low rate of response limited the value of the information extracted from the questionnaire surveys**

The questionnaire survey was developed to broaden the basis of information collection and proved a valuable complement to the field visits and interviews in Headquarters. However, the low response rates to the three questionnaires produced¹⁸ is a source of disappointment, especially to questionnaires A and C which were addressed to identified officials of the Commission and Member States. Although questionnaire A was particularly useful in giving a picture of the trade-related co-ordination mechanisms existing in working countries of respondents, and although questionnaire C contributed to gathering of valuable opinions on the Joint Trade and Development Expert Group, the inexhaustive information collected necessarily biases any further interpretation. The low rate of response to questionnaire B is also regrettable, but was anticipated given the more difficult identification of the recipients and the material or institutional difficulties standing in the way of a response. Further, the three completed B questionnaires proved unusable, as several questions were not answered and the answers that were given did not provide valuable material for the study.

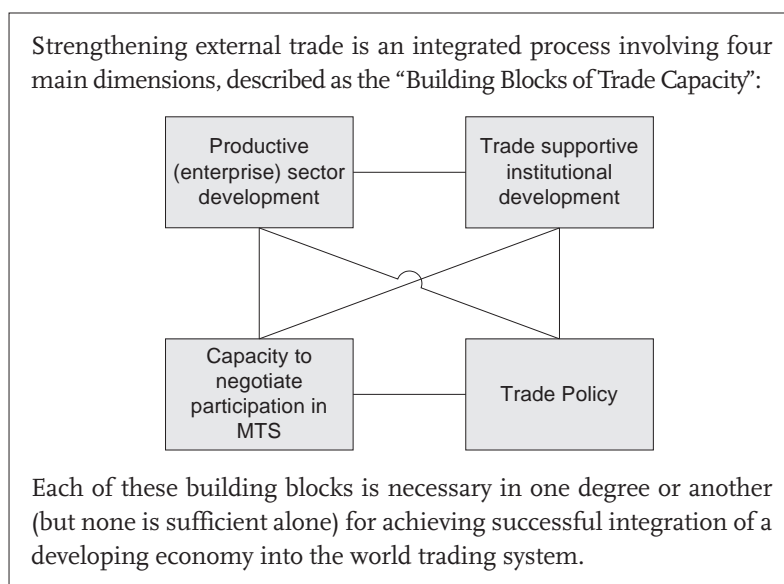
17 The initial proposal of the evaluation team had been to visit countries which served as seats of regional integration institutions; eventually the idea was abandoned because the possible countries did not meet sufficiently the other selection criteria. Moreover, the recent Evaluation of TRA of the Commission to third countries and several evaluations of the regional co-operation of the Commission (among others that of the Caribbean) have visited countries hosting regional institutions. It was considered that this evaluation might contribute an interesting complementary view point by visiting countries more remote from the regional seats.

18 Response rates to questionnaires A, B and C respectively 10.6%, 12.3% and 3.7% (also see annex 9).

2. TCB co-ordination process: rationale and background

2.1 The multi-dimensions of TCB activities

The integration of the developing economies into the world economy has been a traditional objective of development co-operation policies. However, a full understanding of the implications of the complex structure of the trade development process and, in consequence, of the need to develop specific support strategies for Trade Capacity Building (TCB) has only emerged gradually. The Doha Ministerial Conference (2001) stressed that technical co-operation and capacity building are core elements of the development dimension of the multilateral trading system.



The lower right block, **trade policy**, requires a supportive macro-level or legal and regulatory framework, in which enterprises can exploit market opportunities. This deals with trade policy elements such as tariffs, protection structures, preferences, Intellec-

tual Property Rights (IPR), competition policy, rules for inward investment and so on. To some degree it may be extended to encompass monetary and exchange rate policies, and macro-economic and sector policies which send positive signals to operators and encourage development of competitive trade-oriented activities.

Appropriate institutions (upper right block) are an essential and complementary component of the development of trade capacity. They encompass specialised services facilitating trade (export or investment promotion agencies, customs and other trade facilitating operations, insurance services etc.) in addition to all the institutional actors necessary to enable the private sector to participate in and *benefit* from market openings in free trade.

The **capacity of developing countries and regions to negotiate** the rules governing the multilateral trading system (lower left block) is another essential component of the development of trade capacity. It implies a capacity to understand issues, rules, rights and obligations with a view to: a) accession to the WTO and b) influencing its future direction. A capacity for participating fruitfully in bilateral (e.g. the Economic Partnership Agreements for the ACP countries) or regional arrangements falls equally within this category. A capacity for negotiation may require the institutional development of adequate (domestic or regional) trade negotiation machinery.

Finally the top left block, relating to **strengthening of the productive sector**, impacts directly on the country's ability to take advantage of its international trading potential, such as diversification towards tradable goods and services, and strengthening of productivity and competitiveness.

TCB programmes are meant to help the partner country or region achieve balanced development of these interdependent and mutually supporting blocks. This is a challenging aim for a number of reasons:

- The systemic nature of the development of trade capacity is often not fully comprehended by the actors involved (beneficiaries and donors). None of the building blocks is sufficient *per se* but all are necessary.
- Many trade regulations and mechanisms are diverse and technically complex. Tariffs, SPS, customs, negotiations and so on require strong and up-to-date expertise.
- A multiplicity of actors is involved, and responsibilities are fragmented. Other development activities are generally characterised by an easily identifiable leading interlocutor (Ministry of Finance, Ministry of Transport, etc.). The development of trade capacity, because of its systemic dimension and technical complexity, falls within the responsibility of a multitude of agencies: ministries of trade, ministries of industry, ministries of tourism, export promotion agencies, foreign trade boards, and others.

On the partner side there is often insufficient understanding of the full dimensions of trade problems, and there is often more than one responsible authority dealing with this aspect. On the donor side, trade is rarely an entry point for the programming of aid. The Doha Development Agenda has improved awareness on these aspects.

The complexity and systemic character of trade capacity building is a powerful argument for co-ordinating activities in this field. Moreover, it involves both trade policies (the trade policy of the partner, but also that of the donor) and development policies. Therefore it raises, in terms of coherence and consistency, risks that co-ordination can mitigate.

2.2 Institutional context for the provision of TCB by EU donors

The European Commission has the mandate for trade policy in the EU. According to Article 113 of the Treaty of Rome – now replaced by **Article 133 of the Treaty of Amsterdam** – the Commission is solely responsible for trade agreements negotiated in the name of the EU and its Member States. The Commission has thus become an important player on the international trade scene, both in terms of bilateral agreements with countries and regions and in terms of the multilateral trading system (MTS).

The underlying principle of the original GATT, later taken over by the WTO, is that of non-discrimination or the **Most Favoured Nation** (MFN). This limits the role of discriminatory trade arrangements designed to assist the developing countries, though there are important areas in which special and differential treatment is permitted – including that through Article XXIV which specifies the situations in which regional trading arrangements are acceptable. In addition, various forms of assistance and trade concessions from developed countries for the benefit of developing countries (DCs) are permitted by way of the Enabling Clause and Part IV of the GATT.

The EU has used these Articles to build up particular trading relations with a specific set of developing countries, the ACP. Under successive Lomé Conventions and, most recently, the ACP-EU **Partnership Agreement** (signed in Cotonou in June 2000) these countries have been given privileged access to EU markets. In addition the EU has used the Enabling Clause for its own Generalised System of Preferences (GSP) for developing countries outside the ACP group, and most recently the **Everything but Arms** (EBA) scheme which gives tariff-free access to the exports of all LDCs.

In general the EU has broadly pursued the objective of an open and liberal international trading system and is at present negotiating on that goal in the new round of development-oriented trade negotiations launched in Doha.

Thus for the EU trading arrangements are clearly closely intertwined with development policy. The recent developments in EU trade policy clearly reflect its view that trade policy should be considered and designed as a means to increasing the wealth, growth and economic prosperity of the developing world. This is demonstrated by its increasing concern to mainstream trade into development.

The EU considers trade-related technical assistance and capacity building (TRTA/CB) a major instrument for mainstreaming trade into development. At the bilateral level, the Commission has launched and implemented a number of TCB projects aimed at increasing the importance of trade in bilateral and regional programmes. At the multi-lateral level the EU has become a leading contributor to **the WTO Doha Development Agenda** (DDA) Global Trust Fund, which is a key source of financing for TCB interventions. At the same time it has also strongly promoted co-operation between TCB providers, in particular with the Bretton Woods institutions, by supporting the Integrated Framework (IF) for TCB for LDCs.

The EU has emphasised three main goals for trade policy, and for TCB, insofar as they relate to the developing countries: poverty reduction, sustainable development and integration of those countries in the MTS.¹ In addition, consistent with these goals, the Commission seeks to integrate TCB interventions progressively into its development assistance programmes, mainly through the process of Country and Regional Strategy Papers (CSPs and RSPs).

In Annex 5 the objectives and main orientations of the Commission and the Member States in the fields of TCB are reviewed. Emphasis on particular objectives may differ across the MS: for example, for one donor, it might be regional integration and, for another, concentration on reducing poverty. But one may conclude from the sources consulted that **the overall objectives of TCB² are shared by the MS**, in particular:

- the importance of integrating trade policy into development and poverty strategies;
- the importance of building the necessary institutional mechanisms and institution-building capacities, in both physical and human resources;
- the importance of assisting partner countries in preparation for negotiations, and in their understanding of their rights and obligations under the MTS; and
- the importance of helping these countries develop the necessary competitiveness and sector policies for participation in the MTS.

1 See, for example, the positions adopted at the Monterrey Conference (March 2002) on financing for development, the World Summit on Sustainable Development (WSSD) in Johannesburg (August 2002) and in the meetings associated with the DDA.

2 A comprehensive analysis of the intervention logic of the trade-related assistance provided by the European Commission can be found in section 2.3 of the Final Report of the “Evaluation of Trade-Related Assistance by the European Commission in Third Countries” (ADE, June 2004).

While the Commission covers an extremely wide range of operations across the different regions of the world, the MS are often more focused on particular developing countries or on specific regions or themes. Regional focus is generally influenced by the historical relationships with the beneficiaries. In terms of trade-related assistance a few points may be highlighted:

- the Commission and all MS insist on the importance of the principles of partnership and ownership;
- some MS express preferences for intervening in trade through the multilateral initiatives such as the IF, the JITAP, the WTO Trust Fund;
- in trade-related areas some MS have a fairly ambitious and comprehensive strategy addressing many aspects of TCB whereas others tend to focus on specific issues;
- all the MS reviewed in Annex 5 insist on the importance of supporting partners' capacities to negotiate their participation in the MTS in their own best interests.

2.3 Overview of TCB activities of EU donors

Annex 6 presents a broad view on TCB donor-funded activities worldwide. It is based on data extracted from the Trade Capacity Building Data Base of the WTO/OECD (TCBDB). This database is the only comprehensive source on TCB donor-funded activities. It provides quantitative information on trade-related technical assistance and capacity building (TRTA/CB) projects in developing countries or regions, supported by bilateral donors and multilateral or regional agencies, over the period 2001-2003. The information only gives an order of magnitude as it suffers from several limitations. One of the main limitations is that substantial assistance in the selected categories is provided through development projects which are not necessarily or typically categorised under 'trade development' whereas they (or large sub-components of them) do have trade development characteristics (for instance SPS in agricultural projects): these activities might not be reported in the TCBDB. Similarly, interventions via the multilateral Trust Funds are not categorised in the database.

Table 1 provides a synthesised overview of total TCB Commitments over the period 2001-2004. It shows that the major part of donor assistance (65%) is directed to trade development. The EU donors are contributing about half of the total commitments. This relative share is the same in the three groups trade policy and regulations, trade development, and contribution to the Trust Funds; but within trade policy and regulations the EU donors are particularly important providers of assistance in SPS whereas they are relatively less prominent in trade training and training in trade negotiation techniques.

TABLE 1 Commitments on TRTA/CB (2001 to 2004)

| | Commitments in US\$ million | | | | Total Donors | Distribution by category (all donors) | Share of EU donors in each category |
|--|-----------------------------|--------------|--------------|--------------|---------------|---------------------------------------|-------------------------------------|
| | EU Donors | Commission | EU MS | Other Donors | | | |
| Trade Development | 3 457 | 2 265 | 1 191 | 3 461 | 6 918 | 68,3% | 50,0% |
| Trade Policy & Regulations | 1 553 | 1 268 | 285 | 1 499 | 3 053 | 30,2% | 50,9% |
| Contribution to TCB Trust Funds ³ | 72 | 1.7 | 70 | 79 | 152 | 1,5% | 47,6% |
| Total commitments on TRTA/CB | 5 083 | 3 535 | 1 547 | 5 041 | 10 124 | 100% | 50,2% |

Source: Doha Development Agenda Trade Capacity Building Database (TCBDB).

3 Contribution to TCB Trust Funds comprises contributions to ITC, JITAP, Integrated Framework, WTO Trust Fund.

3. Main findings

This chapter presents the findings on co-ordination mechanisms collected through the desk study, interviews with participants at EU Headquarters and in Geneva, the field visits and the questionnaires. It is divided into two sections. A first section presents the main co-ordination mechanisms at the various levels and information on how they are used. It covers elements of both background and findings as the two aspects could not be disentangled. It is focused on the interfacing of EU donors with these different mechanisms, most of which involve other actors as well. The second section regroups the main findings to substantiate the judgement criteria and present the synthetic answer to each Evaluation Questions.

The background material on the main existing co-ordination mechanisms presented in the Inception Note has been enriched with the information received from interviews (including the field visits) and questionnaires.

3.1 Mechanisms of co-ordination for TCB activities

Co-ordination of TCB activities mainly takes place at three different levels:

- the so-called “**wider level**”: participation of individual donors (bilateral or multilateral) in efforts organised and managed by a multilateral institution (Integrated Framework, JITAP, OECD/WTO);
- **the headquarters level**: co-ordination of TCB activities among EU donors (between the Commission and MS; between MS) or co-ordination internal to each EU donor; and
- **the partner country level**: coordination between MSrepresentations and EC Delegations in the field, with the partner and with non-EU donors.

3.1.1 *The “wider level”: co-ordination of participation of Commission and/or MS to interventions of multilateral institutions*

a) The Integrated Framework (IF)¹

The IF is a process in which six multilateral agencies (IMF, ITC Geneva, UNCTAD, UNDP, World Bank and WTO) and seventeen donors currently participate. It seeks:

- (i) to “mainstream”, or integrate, trade into the national development plans such as the Poverty Reduction Strategy Papers (PRSPs) of least developed countries; and
- (ii) to assist in the co-ordinated delivery of trade-related technical assistance in response to needs identified by the LDCs. The IF is built on the principles of country ownership and partnership.

The IF’s donor-financed trust fund consists of two windows: Window 1 finances the DTIS (up to US\$300.000 per country) and Window 2 bridges the period between the approval of the DTIS and the start of donor interventions to implement the priority action matrix (up to US\$1m per country).

Apart from the financing provided to the Trust Fund, the Commission and the MS participate in the Integrated Framework at central level *via* the managerial and governing bodies of the IF:

- **The IF Working Group (IFWG)** is the managerial body of the IF: it deals with specific issues including day-to-day operations and prepares decisions on the use of the Window I and II funds. It then submits them to the IF Steering Committee (IFSC). The IFWG is made up of the six multilateral agencies, two donor representatives and two LDC representatives; the latter 4 representatives rotate on a six-monthly basis.
- **The IF Steering Committee (IFSC)** oversees and governs the IF process: it decides on policy issues, considers contextual issues for the IF and approves or endorses the decisions put forward by the IFWG. It also disseminates among members information on the work of the IFWG with a view to mobilizing donor interest and funding. All WTO members and observers can participate in it.

Both IFWG and IFSC are supported in their activities and deliberations by the IF Secretariat (located within the WTO).

Intensive **informal donor co-ordination** is usually ongoing and a **non-EU-specific² donor meeting** is held in advance of the IFSC meeting. The Commission does not automatically represent the MS and no MS is mandated to express the voice of the others in these meetings. Equally, LDCs prepare the IFWG and IFSC meetings in advance among themselves through the LDCs Group and Africa Group. These informal meetings basically focus on defining consensus prior to tripartite meetings.

1 Also see Annex 11 summarising the aim, organisation, participation and financing of the Integrated Framework.

2 EU-specific co-ordination around the IF and the WTO is depicted in 3.2.3 (answer to J3.1).

The Commission – whether or not with the active support of the MS – has links with the other Quad States (the US, Canada and Japan) in a number of activities under the IF umbrella including the special roundtables in interested LDCs³.

b) Joint Integrated Technical Assistance Programme (JITAP)

The JITAP mobilizes the expertise and support of the WTO, UNCTAD and the ITC to help African country partners benefit from the new Multilateral Trading System. It is the first programme that the three organizations have established to deliver jointly a broad range of selected technical assistance inputs to a number of countries simultaneously, focusing mainly on capacity building. Currently 16 countries are benefiting from the programme, a majority of which are LDCs, and 13 donors contribute to its funding. The total JITAP II programme budget is US\$12.600 million⁴.

A **high-level workshop** was held in Geneva in 2004 for beneficiary countries and African sub-regional groupings on MTS capacity building and regional integration in Africa⁵. In the discussions on Challenges of the MTS and EPA Negotiations for African Regional Economic Communities, all the major issues raised related to problems of co-ordination, for example:

- ensuring consistency in various negotiating for a; it remains a major challenge to ensure that positions adopted at MTS level complement those at regional and bilateral levels;
- institutional co-ordination to harmonize country and regional positions;
- ensuring that positions adopted at multilateral level do not contradict regional and bilateral initiatives;
- JITAP activities need to involve the RECs more fully in capacity building activities, particularly at sub-regional level.

c) OECD/WTO

Further to the 4th WTO Ministerial Conference in Doha, a series of initiatives were adopted under the Doha Development Agenda to increase TCB funding for developing countries, such as the **Doha Development Agenda Trust Fund**, and to monitor the delivery of donor-funded TRTA/CB, in particular the TCBDB managed by the DAC of the OECD⁶. The latter instrument includes implementation of commitments registered in the Doha Ministerial Declaration and aims to assist the development and trade policy communities in sharing information and achieving higher degrees of co-ordination and coherence. Unfortunately the TCBDB is far from comprehensive, owing to the fail-

3 WTO, General Council, Committee on Trade and Development, Sub-Committee on Least-Developed Countries, Integrated Framework Steering Committee, *Trade-Related Technical Assistance And Capacity Building*, Communication from Canada, European Communities, Japan and the United States WT/GC/W/440, WT/COMTD/W/88, WT/COMTD/LDC/W/20, WT/IFSC/W/1, 31 July 2001

4 Source: JITAP Progress report (1 November 2003 to 30 April 2004).

5 The UK was the only EU participant to this conference.

6 Also see Annex 6 “Overview of TCB activities of the Commission and the MS” based on the TCBDB.

ure of a number of donors – including a number of EU donors – to keep it up to date with their various programmes.

3.1.2 Co-ordination of TCB activities among EU donors at Headquarters level

a) Co-ordination between national and community agencies

The various co-ordination groups among the national and community agencies include⁷:

- The Council's **Working Party on Development Co-operation** (CODEV), which potentially deals with trade and development issues among other development matters.
- The **Article 133 Committee** which co-ordinates commercial agreements between the Member States, formulates common positions on commercial policy and informs MS on the evolution of EPA negotiations. It deals only marginally with trade-related assistance, for instance when preparing the common position and funding of the Commission and Member States in relation to the WTO TRTA programme.
- The **ACP Working Group** which oversees the implementation of the Cotonou Agreement in all its dimensions, including the trade-related aspects.

None of these three formal groups is specifically geared towards trade issues. At this widest level, only the *Joint Trade and Development Experts Group*, an *ad hoc* group of experts representative of the MS and the Commission (see below) has a specific trade focus but no official formal position.

b) Intensification of internal co-ordination

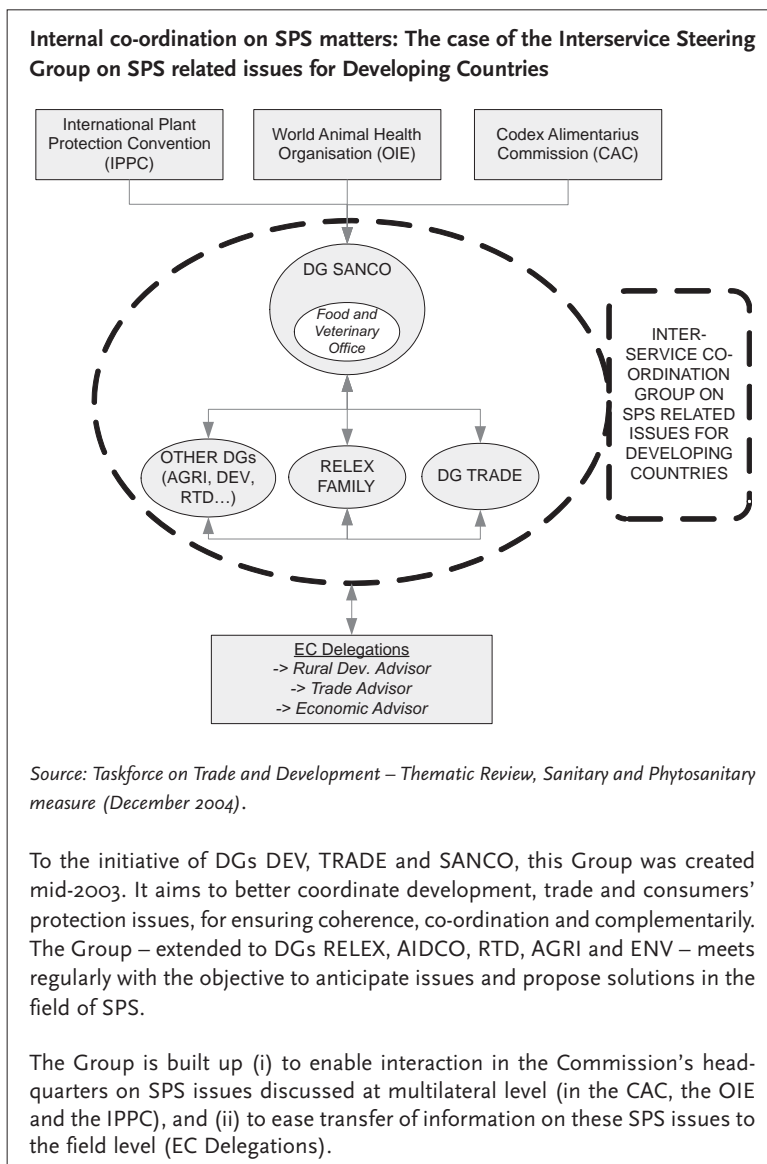
Within the Commission and MS a growing awareness of the complexity of the links between trade, development and poverty reduction is creating a climate of opinion favouring closer co-ordination of internal services and development of comprehensive programmes.

Within the Commission⁸, specific procedures exist for fostering this closer co-operation between services such as those implemented through the **Inter-service Quality Support Group** which ensures that minimum standard requirements and harmonized formats and procedures are used for the design of country and regional strategy programmes; or through the **Thematic Inter-Service Task Forces**, which bring together people from various services addressing similar issues in different perspectives with the aim of sharing information, developing harmonised approaches, and improving practices. For example, the *Interservice Taskforce on Trade and Development* holds monthly meetings with representatives of DGs dealing with trade and development issues (mainly the Relex family and DG Trade). The *Interservice Steering Group on Sanitary and Phytosanitary Measures in Third Countries* pursues internal coordination among all DGs dealing with SPS measures in the area of development (see box next page).

7 See also Revised Inception Note, March 2005, section 3.3.

8 See also Revised Inception Note, March 2005, section 3.3.

Furthermore the Commission also fosters links between trade and development through the *Joint Trade and Development Experts Group* which is a forum, chaired by DG Trade, for exchanging information between experts of the Commission and the different MS on their respective TCB policies and activities, with the objective of bridging the gap between trade and development.



Within the administration of all the MS consulted there is also a growing awareness of the need for the respective departments in charge of development, trade and other related issues to co-operate, co-ordinate and exchange experiences on trade-related issues so as to maximise effectiveness. An example of these internal co-operation developments is the **French Programme de Renforcement des Capacités Commerciales** (PRCC) established jointly by the Direction des Relations Extérieures (DREE) of the Ministry of Economy, Finance and Industry and the AFD to share skills between the institutions and break down the barriers between trade and development issues.

c) Co-ordination initiatives by Member States

More widely, some MS documents point to the development of various forms of privileged co-operation between particular groups of donors for specific activities or themes. For example, in its 2003 main policy document on aid co-operation⁹, the Netherlands stress the importance of establishing partnerships with other donors beyond the traditional circle of like-minded countries: on trade issues, the Netherlands expect to work more closely with France whilst on general issues (notably poverty reduction) the United Nations will be a key partner. In terms of harmonisation, the Netherlands are closest to **the “Nordic +” group** of countries (Denmark, Finland, Ireland, Norway, Sweden and the United Kingdom), which it joins wherever possible (alliances with other donors being sought only there where the Nordic + group of donors have very limited or non-existent presence). **The Nordic Africa Initiative**, adopted by the Ministers for Trade in 2003, aims at strengthening dialogue on trade and development with a number of African Countries¹⁰.

d) Regional Co-ordination initiatives by the Commission

In the ACP countries, the Commission’s trade-related assistance is mostly conducted through its regional and “all ACP” programmes, which are usually channelled through the regional integration institutions.

Under the Cotonou Agreement regional co-operation is taking on a new dimension with the start of **the EPA negotiations**, on the one hand, and the introduction of new financing mechanisms in the regional programmes of the 9th EDF, on the other.

The EPA negotiations are the responsibility of the Commission, and the MS are informed by DG Trade on their progress through the 133 Committee. TCB aspects of EPA are not discussed by the 133 Committee but by Regional Preparatory Task Forces, created in each negotiating region and mandated to follow up technical negotiations, identify capacity-building needs and select projects covering those needs. These Task Forces include representatives of the Commission and of the partner regions (authorities and civil society). MS participate *ex ante* in these Task Forces through preparatory

⁹ Source: ‘Aan elkaar verplicht’, October 2003.

¹⁰ Source: <http://www.sweden.gov.se/sb/d/4729>

informal meetings attended by MS headquarters representatives (whereas the ordinary 133 Committee mostly involves staff from the permanent MS representations in Brussels).

The EPA negotiation exercise is still at a very early stage. The most advanced case concerns the Caribbean region where the Task Force is preparing an inventory of the available studies and programmes in the area of TCB.

Regarding regional programming under the 9th EDF, the novelty is that as far as possible implementation of the regional programmes will be managed via **Contribution Agreements (CA)**. A CA is an agreement signed between the Commission and a regional integration organisation that permit the latter, under certain conditions, to disburse the funds (for programming and implementation purposes) on the basis of its own procedures¹¹. The main conditions imposed by the Commission are that the regional partner should (i°) have a clear strategic multi-annual programme, and (ii°) submit to an institutional and financial audit to verify that its financial management capacity is adequate.

Both of the new dimensions – EPA negotiations and use of Contribution Agreements in regional support – impact on the relationship between the Commission and the partners rather than on the triangular Commission-MS-Partner co-ordination. Nevertheless, they offer an interesting potential for a broader policy dialogue involving the Commission, the Partner and also the Member States in the programming and implementation of TCB at regional level.

3.1.3 *Co-ordination at country level*

International agencies such as the World Bank, IMF, UNCTAD, UNDP, UNEP, ITC, WTO, WCO, WIPO, ILO, and regional banks like the Inter-American Development Bank and the African Development Bank, are increasingly stressing the importance of trade-related assistance and capacity building. Furthermore many bilateral donors, including some EU Member States, are very active in the area of trade and development.

The Commission has reported – albeit five years ago – on in-country co-ordination mechanisms¹². In practically all countries there are several donors present other than the Commission and the MS, such as the World Bank, the UN agencies, the Development Banks and so forth, which have also set up specific co-ordination mechanisms

11 CA are not a new instrument but rather a legal mechanism that was mainly used to fund activities channelled through international organisations, like the UN agencies e.g., without superposing the use of the Commission's procedures to that of these agencies. More recently, the mechanism has been suitable and convenient also to fund regional organisations benefiting from Commission's support.

12 Report from the Commission, Operational co-ordination between the Community and the Member States of the European Union in the field of development co-operation, Brussels, 01.03.2000, COM(2000) 108 final.

open to all donors. To quote the Commission report: “The most important are the Consultative Groups set up by the World Bank and the Round Tables set up by the UNDP, in which EU members actively participate. In two-thirds of the sectors considered priorities by EU members, one or more non-EU donors are also active. In just over 40% of all priority sectors a co-ordinator has been chosen, as follows: in 25% of cases the partner country acts as co-ordinator; in 25% an EU Member State acts as co-ordinator; in 15% the EC Delegation is the co-ordinator; in 15% the World Bank is the co-ordinator; in 15% UN agencies act as co-ordinator, and in 5% of cases, another donor acts as co-ordinator.” The “relatively” active role played by the partner at sector level has probably increased since 2000. How these various roles have changed over the last five years will be examined at a later stage.

The data in the above report show the links established by each member of the EU with other donors present in the country, for each country and each sector. It shows, for example, that EU members’ co-ordination with the UNDP and the World Bank takes the form of meetings in almost 85% of cases. The average level of co-financing is 21% with the World Bank and 39% with the UNDP, which is respectively roughly twice and three times as high as co-financing between EU members (12%).

Co-ordination in the field is a **very *ad hoc* process** that may vary from one country to the other depending on the number of MS represented, the presence or not of a Commission Delegation, the type of activities developed, the importance of TCB as a share of the donor’s aid programme and the instruments used. In all countries where a Delegation is represented it organises regular (at least monthly) meetings with the MS. Co-ordination in the field fulfils several functions: ensuring mutual exchanges of information, developing common awareness of the partner’s needs, and achieving varying degrees of co-ordination of programming and implementation of activities throughout the project cycle. The following paragraphs present the co-ordination mechanisms that could be observed in Ethiopia and Madagascar during the field visits:

a) Ethiopia

Donor co-ordination mechanisms

Donor co-ordination mechanisms in Ethiopia are extremely well developed and cover the full range from donor-donor consultations to government-donor dialogue, and from general consultations to specific sector or sub-sector level consultations.

The **Development Assistance Group (DAG)**, co-chaired by the UNDP and WB, regroups all donors active in Ethiopia and meets on a monthly basis; it is a forum for donor consultation, information sharing, organisation of joint reviews and missions and preparation of common views on policy issues. In addition to this ambassador level forum, technical working groups of interested donors have been formed under DAG to address specific sectors or multi-sector themes in which these donors are active. These working

groups are animated by donor representatives active in the sector or theme and are, with the exception of that for budget support, not permanent.

One such working group has been formed for Private Sector Development, to which Trade was added in 2004. The addition of trade to the working group was warranted by the fact that, in a short space of time, trade has become an important issue in Ethiopia and donors have become more active in this field. **The PSD&T working group** has, in addition, initiated a number of cluster groups which focus on specific aspects of private sector development and trade such as women entrepreneurs, certification, or WTO accession. **The cluster groups** work at practical level on technical problems arising in project or programme implementation. The discussions at working group level tend to focus on more general matters involving policy and strategy. The focus has primarily been on sharing information about each other's programmes rather than discussing priorities for assistance, agreeing on allocation of tasks or sharing of experiences. The PSD&T is chaired by the EU and meets once a month for a couple of hours.

Specific co-ordination efforts between the Commission and its MS take place in addition to the general co-ordination mechanisms described above under DAG. They include the regular meetings of **the Commission and Heads of MS missions**, the good governance and democracy programme of the Commission and MS, and the biannual meetings with the government to review progress with indicators in the context of budgetary support.

Mechanisms for Government-donor consultations

The consultations between the donors and the Ethiopian authorities take place at different levels. **Consultative Group Meetings (CG)** are held every two years. On an annual basis the Government of Ethiopia organises the annual PRSP review which is the framework within which all donors provide their support to Ethiopia's poverty reduction strategy. The PRSP reviews are the opportunity for establishing a broad policy dialogue, including trade-related issues. There is also a continuous dialogue through the High Level Forum where, on a quarterly basis, a policy dialogue between the DAG and the government takes place.

In addition to these general fora for policy discussions, sector wide reviews are organised for some sectors where donors (and typically the same people who participate in the technical working group) can discuss sectoral issues with the government. For trade the question is more delicate because of the nature of the issues which cut across different sectors: so far the PSD&T working group has had difficulty in setting up a forum for policy discussions on trade with the government because the various ministries potentially responsible (trade, industry, agriculture etc.) have been unable to agree on who should participate. Trade issues have thus been discussed at more general levels, during either the annual PRSP reviews or the budget support discussions.

Outcomes of the existing mechanisms

At the widest level, the DAG co-ordination mechanisms have enabled donors to develop common views on general policy matters. At the technical level, the working groups and cluster groups have facilitated sharing of information and, to some extent, allocation of responsibilities between different donors in such fields as quality, standards and accreditation and SPS.

Specifically in the area of trade-related interventions and TCB, despite an existing diagnostic study having been undertaken in the context of the IF, donors seem to have aligned their interventions more on their own priorities than on those established by the DTIS: co-ordination might thus have had more impact in terms of avoidance of duplication of intervention areas through better communication and information flows between donors than it has had on rallying the government and donors around a common approach and a common set of priority areas to be tackled. In this respect, the allocation of tasks to assist in WTO accession has been more successful.

The co-ordination mechanism set up under the PSD&T working group has not yet succeeded in breaking down the barriers between itself and the other working groups. In this respect the PSD&T WG is mirroring what is happening within the government services and at the donors' HQ and in-country representations, in that trade is failing to become a real multi-sectoral topic with awareness of trade aspects in all productive sectors. The efforts made at intensifying internal co-ordination between the different services (see 3.1.2 a above) have not yet had a conclusively positive impact at in-country level. This lack of internal co-ordination and the lack of perspective it creates, as well as the failure to define a clear trade policy and to issue the right signals in favour of trade, has impeded government participation in the PSD&T discussions which remain largely a donor-driven exercise.

b) Madagascar

Co-ordination of TCB mainly works through the IF framework for which the WB is the facilitator. The focal point for donor co-ordination in TCB is **the annual review of the Poverty Reduction Strategy (DSRP)**, which is organised by a technical secretariat¹³. Although donors do not participate in the DSRP technical monitoring committee which convenes quarterly, they are invited to the yearly DSRP Review meeting with all the technical ministries.

Outside this, the majority of government-donor consultations work through bilateral exchanges but there are a limited number of donors in Madagascar – particularly of

13 STA – Secrétariat Technique à l'Ajustement.

those with TCB interventions.¹⁴ Even within TCB therefore, donor-donor and government-donor co-ordination remains a bilateral exercise dependent upon each partner's willingness to share information or co-ordinate more intensively. The general view held by government and donors is that information circulates well and that everyone is adequately informed about others active in the same field.

Nevertheless the government is in the process of trying to establish a new forum for discussion (the CIMEM) bringing together the government, Malagasy stakeholders (mainly from the private sector) and donors on the subject of Madagascar's integration into the world economy. Madagascar has a strongly established practice of consultation between government and private sector stakeholders and the CIMEM appears to be the first example of extending this to the donor community.

Thus co-ordination between EU donors and with other donors takes place, informally but regularly. It leads to information sharing and permits avoidance of duplication of efforts. Indeed there are several examples of close co-ordination and complementarities between a limited number of donors (for example France and the Commission or the EIB, France and the US) around particular projects. Co-operation of a technical nature takes place between all donors and the government involved in specific activities. Co-ordination between donors and with the partner government is well developed in such areas as budget support (the Cadre de Partenariat pour l'Appui Budgétaire), environment and education.

However, none of these focuses on trade-related and TCB issues. The mechanisms of dialogue on trade-related issues between the donors and the Government are in principle designed to give the Government the leading role. Besides the general mechanisms chaired or co-chaired by the government and involving all donors, such as the monitoring committee of the IF, technical co-ordination mechanisms for specific donor-funded programmes always involve the government, private sector stakeholders and donors.

Notwithstanding the relatively high degree of mutual information and consultation between the government, the donors and the stakeholders, there is no formalised process of overall co-ordination and policy dialogue on trade-related issues and TCB. The IF framework has been weak following the formal validation of the Diagnostic Trade Integration Study (DTIS) at the end of 2003. Subsequent workshops have not resulted in additional development assistance or in a convergence of donor efforts to fill the gaps in the trade integration priority actions matrix. This has been largely because donors have their own programmes, which may fit *ex post* in the priority matrix but have not been designed to support the underlying strategy. The trade integration study and

¹⁴ There is a more formal co-ordination system for rural development. A donor grouping (GBF) with a secretariat¹ was set up in 1997 mainly to support environmental activities and later (2000) enlarged to encompass rural development and food security activities.

matrix therefore are not a strategic instrument for co-ordinating donor and government activities. Secondly for the government TCB dimensions are a less central focus, the capacity of the government to design and manage trade capacity building being very limited and dispersed through different administrations.

The Secrétariat Multi-Bailleurs (SMB) has worked well for the environment and might have been useful for TCB but it has not been fully exploited by the donors, mainly because of a lack of confidence in its independence and because some donors view it as too dominated by the WB. Also communications between different government agencies are particularly poor.

The weakness of TCB co-ordination has meant that there has been:

- insufficient coverage of a number of priorities identified in the diagnostic study of the IF;
- insufficient preparation of Madagascar's position in important approaching international and regional negotiations. For example Madagascar has not yet defined its position either on the GATS negotiations or on fisheries in the context of the EPA, although on this latter topic it is the leader among the ESA group of countries;
- there is disappointment in this regard with the seminars and training provided by the donors. These sessions do not achieve their objectives because they are too short and of little practical use.

This mismatch between the needs and what is provided reveals a double failure of co-ordination: lack of internal co-ordination leading to inappropriate selection of participants; and lack of donor-partner co-ordination in designing training more targeted on helping the partner develop an operational capacity to define its negotiation positions. A constructive triangular relationship between Government, private sector stakeholders and donors is needed to design and implement TCB supportive of coherent trade-related policies. It is a complex area in terms of its problems and of the number of actors involved, and therefore a more difficult area in which to achieve effective co-ordination than in other fields (for instance budget aid or education).

In the past Madagascar has experienced an interesting instance of successful co-ordination on trade-related issues: the Cross Border Initiative. It led to a substantial package of trade reforms combined with financial and business-related reforms. So far the IF, which can be regarded as an even more comprehensive endeavour in the area of TCB (but limited to a single country) has not attained similar achievements.

It should be noted that EU co-ordination, that is co-ordination between the Commission and the Member States, is not a key issue because trade is largely a multilateral issue and problems have to be co-ordinated at least at the level of the IF.

3.2 Findings supporting the answers to the Evaluation Questions

3.2.1 Evaluation Question 1: *Appropriate design of co-ordination mechanisms set up at HQ level*

Evaluation Question 1

To what extent are the mechanisms that have been set up at headquarter level to develop co-ordination between the European Commission and the Member States, and between the Member States, appropriate for achieving complementarity (and coherence) of TCB activities (resource allocation, preparing common TCB activities and facilitating programming of TCB activities)?

Key findings:

- Increased efforts from the Commission and the MS to coordinate own respective trade and development services.
- At HQ level the Joint Trade and Development Expert Group (JTDEG) is the main instrument to deal with TCB aspects and complements the formal trade specific and development specific mechanisms that cover TCB only incidentally.
- The JTDEG gathers Commission and MS representatives with the aim of improving convergence between the trade and development aspects. However, interaction between [rather active] Commission and [sometimes passive] MS representatives is insufficient to move from exchange of information into real coordination.

The intervention logic¹⁵ points to typical co-ordination activities, as set out in the prescriptive guidelines on co-ordination between the Commission and the MS, as being an essential prerequisite for achieving a series of operational objectives in the area of co-ordination. This Evaluation Question focuses on co-ordination at headquarters level and analyses which mechanisms have been developed and whether their design and mode of operation is appropriate to achieving the intended objectives at this level of co-ordination. It also examines whether these mechanisms address the appropriateness of the EU resources allocated to TCB.

Co-ordination at Headquarters level includes both the mechanisms internal to each EU donor for co-ordinating activities between its various trade and development services, and the mechanisms to organise co-ordination between EU donors. They have been described in section 3.1.2 above.

Two Judgement Criteria have been formulated to answer this question.

¹⁵ See annex 7, in particular the lower layer of diagram 1.

J.1.1 *The mechanisms (co-ordination committees, consultation procedures, working groups, etc.) are designed so as to facilitate the sharing of information, the appropriate allocation of resources to TCB, the adoption of best practices in the sphere of TCB and the development of common and/or complementary approaches.*

The Commission as well as the MS have devoted internal efforts to developing information exchange and improved co-ordination within their own trade and development services involved in similar or complementary activities (for example organisation of systematic liaison between trade, development and agricultural departments on SPS measures; or between development, trade and domestic industry and services on export promotion activities, etc.). This awareness of the need for such internal co-ordination has been stimulated by the commitments made at Doha and has become more and more acute. The thematic task forces in the Commission, or the development of programmes – for example the French PRCC – common to several trade and development departments or agencies in the same MS, have been designed precisely to favour exchange of information and skills to improve complementarity and effectiveness in the provision of TCB assistance and also to increase the resources allocated to this type of activity. It will be seen, when discussing Judgement Criterion J.4.1, that the success of these undertakings varies, but it is important to highlight that there is awareness of the need as well as of the difficulties, and that the move in this direction is continuing and deepening.

At HQ level the co-ordination mechanisms reflect the different nature of the mandates of the Commission in the areas of trade and development. On trade-specific issues, the 133 Committee is a Council mechanism, the design of which is appropriate for the execution of its formal mandate. It deals with TCB issues only insofar as they are related to problems that are dealt with in the Trade and Development Committee of the WTO where the Commission expresses the position of the whole European Union. The Committee discusses strategic and political aspects of trade and involves the high-level participation of both the Commission and the Member States. TCB issues remain marginal in this context (an example is approval of the work programme of the WTO global trust fund for technical assistance) but their importance is growing. Numerous informal meetings relating to the work of the 133 Committee take place in Brussels and Geneva and there is a constant exchange of notes and mails.

On general development issues formal HQ co-ordination takes place in the CODEV and TCB is very marginal in this context. Internal Commission procedures impose and verify that co-ordination with the MS and the partners has duly taken place in the preparation of strategic programming documents such as Country and Regional Strategies and the related National and Regional Indicative Programmes. Again the scope of these co-ordination mechanisms is much broader than trade-related issues.

The Joint Trade and Development Expert Group is the most important co-ordination mechanism between the MS and the Commission in the field of TCB. It is designed to increase the convergence between trade and development personnel and institutions and it is practically the only MS-Commission co-ordination group for TCB at HQ level. The agenda of the group has so far focused on WTO issues, the Integrated Framework, the Commission's trade-related policies, presentation of trade-related policies by the MS, and discussion of specific TCB issues. It is primarily a forum for mutual information and exchange of views and an interesting platform for discussing policy issues, but so far information and data on activities under preparation in the MS have been almost non-existent. The group has developed a website, albeit restricted to registered participants, which is a source of information on a range of topics related to trade and development.

Participants in this group have been consulted through interviews and questionnaire surveys on the appropriateness of the organisation and role of the group. On the functioning of the group there is a general view that the frequency of the meetings is adequate, that invitations should be addressed by the Commission – which manages the secretariat of the group – to the appropriate institutions and services, and that the topics on the agenda are of interest. However, whereas it is generally agreed that exchange of information on and adoption of best practice is an important topic, it has not really been addressed. Similarly, the Commission has attempted to include in the agenda a discussion on the Guidelines for trade-related assistance which it produced for its own Services; it hoped to gather the experience and opinion of other MS and possibly to move towards the adoption of common guidelines, but the MS have been reluctant and so far the point has not been addressed.

It is worth noting there is a difference of view between Commission and MS participants on the status of the group. The Commission representatives tend to appreciate its informal status, which theoretically makes possible “free discussions” since the speakers do not commit their institutions. In contrast several MS representatives consider that, in the absence of a formal mandate, the views of the Joint Trade and Development Expert Groups are not presented to and can be ignored by the 133 Committee.

J.1.2 The persons participating in these mechanisms work within the TCB area in their own institutions and their feedback to their home institutions is taken into account and, possibly, acted upon.

Participation tends to be dominated by Commission representatives. Only a few MS (mainly the UK, Netherlands, Sweden, Denmark) regularly send two people, one from development and one from trade, and ensure the participation of the same persons in successive meetings. The involvement of other MS from EU-15 is variable but tends to be weak, whereas there is evident interest from the new MS for which the group is a source of information in a field where they have little or no experience. The resulting

heterogeneity and absence of continuity in participation is a factor that has limited the “blend” of trade and development staff and limited the possibility of following-up on points which were the object of agreement or consensus. However participants in the Group generally provide feedback to their own institutions.

The conclusions of the meetings of the group are not recorded in minutes in view of its informal status, and although summary notes are provided there is a general complaint that they are produced and distributed too late.

Answer to Evaluation Question 1

The Commission and the Member States have increasingly devoted internal efforts to co-ordinating their own trade and development services.

In the trade area the main co-ordination mechanism is the 133 Committee designed to allow the Commission to inform the MS on how it fulfils its exclusive mandate in international negotiation fora and to take account of the views of the MS when preparing the Community position. The work of the Committee is supplemented by numerous informal meetings in Brussels and Geneva, and by exchanges of mails and notes through which participants lobby for their respective views and interests. The design and the operational procedures (formal and informal) of the 133 Committee and its preparatory groups are appropriate to its objective.

In the development area the MS and the Commission have individual policies and the main informal co-ordination mechanism, the Joint Trade and Development Experts Group, has been created to improve understanding of the convergence between trade and development and to bring together actors operating in these two areas, sharing information on the policies and activities of the MS and the Commission, and strengthening co-ordination through the adoption of best practices and common guidelines. The Joint Trade and Development Experts Group is regarded as a useful and necessary mechanism but its functioning suffers from a number of weaknesses:

- apart from Commission staff and a few of the more active MS, heterogeneity in participation and absence of continuity have limited the “blending” of trade and development representatives;
- the group offers a valuable forum for exchanging views and information, but insufficiently included in its agenda is any systematic provision of information on the intended future activities of the participants, an essential point for co-ordination;
- the adoption of best practices is regarded as important by members but has not really been addressed by the agenda;
- similarly there has been no consensus for discussion of the EC guidelines for TCB and for a move towards common guidelines;
- the group’s informal status, and in particular the absence of documents produced by the group, limits follow-up on points agreed at the meetings.

3.2.2 Evaluation Question 2: *Appropriate design of co-ordination mechanisms set up at partner country level*

Evaluation Question 2

To what extent are the consultation mechanisms that have been set up at partner country or regional level between the European Commission, the Member States, and the partner appropriate to ensure co-ordination in programming and implementation of TCB activities?

Key Findings:

- In the field, the structuring of the dialogue on TCB issues among donors and with the partner is a very *ad hoc* process.
- Two generic observations: (i) the involvement of the partner depends very much on key policy and institutional steps it has made in putting international trade in its agenda; (ii) formal donor co-ordination of TCB never limits to an EU-specific dialogue, but pursues involvement of all donors active in the country.

This second Evaluation Question addresses the relevance and the appropriateness of the co-ordination mechanisms developed in-country between the Commission, the MS and the partner at country and regional level. The Judgement Criteria try to capture whether the range of mechanisms developed is appropriate to enable the intended objectives of this type of co-ordination to be fulfilled.

J.2.1 *The mechanisms (co-ordination committees, consultation procedures, working groups, etc.) are designed to facilitate sharing of information, the adoption of best practices and development of common approaches in the sphere of TCB.*

In-country, TCB co-ordination mechanisms need to be viewed in the wider context of overall donor co-ordination mechanisms as TCB will almost always be one of the topics broached in wider co-ordination fora without necessarily benefiting from a dedicated donor co-ordination effort set up for that specific purpose. If specific TCB co-ordination exists, it is country-specific, and might take many different forms.

1 Wider level in-country co-ordination

TCB activities benefit from donor co-ordination at the widest level which seeks to go beyond simple information sharing to the conducting of joint reviews, development of common approaches and even adoption of common programmes. This widest level typically includes:

- Discussions between the partner country and the donors around the PRSP process: the preparation, annual implementation reviews and three-yearly evaluations of the partner countries' Poverty Reduction Strategies are led by the partner country and involve all donors active in-country. In the spirit of the Rome and Paris declarations,

this process is increasingly becoming the favoured overall co-ordination forum as all donors try to align their activities on the partner's strategic priorities. To the extent that trade is an issue on the PRSP's agenda, it will benefit from this overall co-ordination effort.

- Co-ordination of budget aid, where it exists, is more specifically geared towards the sharing of a common approach to budget aid (common disbursement criteria, common calendar of reviews and disbursements, common reviews). Here the Commission might take a leading role and collaborate very closely with those MS present in-country and active in budget support. Trade-related issues are only discussed in so far as they are one of the factors influencing macroeconomic and budgetary performance.

The Donor Assistance Group (DAG), where it exists and plays an active role, is an important forum for co-ordination amongst donors. All donors present in the country are invited to participate. Co-ordination in this context aims at common donor approaches, common views, common best practices and so forth on any issue on which they provide support to the partner country¹⁶. In several countries it has helped donors develop common views on PRSP and budget support. It might still be far from reaching consensus on TCB but in other areas (including other sectors such as health or education) donors do often manage to speak with one voice. It does not systematically include the partner country but facilitates discussions with it in the various fora such as the PRSP or budget support reviews, or in sector or multi-sectoral topical reviews.

2 TCB co-ordination in-country

In addition to these wider co-ordination mechanisms, country-specific TCB co-ordination mechanisms may exist. The shape of these co-ordination mechanisms is very country specific and will typically depend on:

- i) the importance of trade as a development issue in the partner country's PRSP: where trade is identified specifically as one of the priority areas, the government will try to manage and co-ordinate donor involvement in the area of trade. If there is no specific trade policy or strategy, the partner will be far less likely to get involved in donor co-ordination and its capacity to take part in this co-ordination might be weak;
- ii) the existence or not of an IF approach. Where the IF exists, there will be a co-ordination group for the IF in which all donors take part (see below);
- iii) the number of donors actively involved in TCB: the lesser the number of donors, the more informal will be the mechanism. If donors are very few and the sector is relatively new to donor support, the risks of overlapping or duplication will be

16 Evaluation Question 5 on implementation and outcomes of the co-ordination mechanisms in the field will temperate the actual contribution of the DAG to adopting common approaches, common views, common best practices. In Ethiopia for example, co-ordination through the DAG is rather focused [or limited] to information sharing.

- considered too remote to justify setting up any formal co-ordination mechanisms (as in Madagascar for example);
- iv) the importance of TCB in donors' aid programmes: again the larger the share of aid going to TCB, the more important will be the need for formal co-ordination mechanisms.
 - v) and lastly, the type of donors involved in-country in TCB and their individual attitude towards trade-related issues: many donors retain a preference for a bilateral approach to TCB.

Depending on the factors just mentioned, the co-ordination mechanisms may typically take the form of:

- the IF co-ordination group (it should be noted that, that in contrast with other groups, the frequency of IF meetings is insufficient);
- a co-ordination group for private sector development (PSD), where trade issues are treated as part of PSD issues (groups exclusively dedicated to trade-related activities are more often found in non-ACP countries); one such group has been set up in Ethiopia through the EC's initiative (formerly uniquely focused on PSD, since 2004 it has encompassed a focus on trade issues);
- *ad hoc* groups (usually linked to a sector, e.g. the informal "fish" group for capacity building in the fish export sector in Benin, or to a specific project or programme, such as the BAMEX in Madagascar involving the US, French and Malagasy authorities, or the DFID Regional Trade Facilitation Programme in Botswana.).

There is usually no specific intra-EU co-ordination of TCB as it is viewed neither as a priority nor as relevant for responding to a particular need. Where they exist, TCB-specific co-ordination groups aim at information sharing, conduct of joint programme or policy reviews, and elaboration of common donor views on the criteria used for support. The TCB co-ordination groups typically address the following types of question:

- What should be done? This is systematically addressed in the IF through the undertaking of diagnostic studies; it is also addressed through the WTO accession process. Where none of these exist, co-ordination groups will address the issue in a more *ad hoc* manner, at least trying to avoid duplication or overlap of activities and searching for complementarity of action to optimise the effectiveness of support.
- Who will do what? Co-ordination mechanisms focus on information sharing rather than on strategic coverage of needs; indeed donors tend to preserve their own interests and allocate their resources in line with their own priorities, co-ordination intervening once resource allocation decisions and planning of interventions have already taken place. Co-ordination at the time of programming seems the exception rather than the rule.
- How will it be done? Capitalisation on comparative advantage and experience sharing do not seem to be priority topics on the agenda of the large donor co-ordination

groups. It is more in the technical groups that the question is addressed in the context of limited activities.

J.2.2 *The TCB interventions in the partner countries reflect the priorities established in the mechanisms of co-ordination of the Commission and Member States activities.*

The Joint Trade and Development Expert Group (see above EQ1) is the most important co-ordination mechanism at HQ level between the MS and Commission in the field of TCB but it remains largely informal. Although it is where Commission and MS policies on TCB are presented and discussed, there is no formal output on TCB priorities to be passed down to country-level operators. Hence individual donors' TCB interventions in-country reflect priorities set up at their respective HQs rather than priorities established through Commission and MS co-ordination at HQ level.

From the questionnaires returned under the survey, it appears that where common views are developed at HQ level they are reflected in the PSD and IF co-ordination groups.

J.2.3 *These mechanisms are designed and operated in such a way as to optimise the role of the partner.*

In the context of wider-level co-ordination mechanisms, the partner almost always takes the lead on PRSP-related co-ordination¹⁷. Where co-ordination specifically concerns TCB, the partner is almost always invited to participate in or chair the co-ordination groups but is only rarely the instigator of such an initiative. The participation of the partner in these sector-specific co-ordination efforts will again be very country-specific and depend upon (i) political aspects and the willingness of the partner to use these groups, (ii) the partner's institutional structure and its internal co-ordination mechanisms and (iii) the partner's dialogue with private sector or trade operators where donors can be invited as observers or participants.

One of the problems identified in optimizing the role of the partner in this co-ordination process is that TCB activities are typically falling under different technical ministries, being a multi-sectoral topic: ministries of finance and economy, of planning, of commerce and industry and of productive sectors (foremost agriculture and fisheries) are all interested in TCB issues but none can take a decision that would involve more than that ministry. The problem becomes one of identifying the right interlocutors to take part in the co-ordination discussion groups, that is the right mix of technical expertise required by the co-ordination group with nevertheless a sufficiently high level of responsibility to be able to take meaningful decisions.

The foregoing problem was encountered in Ethiopia where the DAG TCB group was willing to interact with the government in a more formalized co-ordination group but

17 From answers to questionnaire A (see annex 9) and from field visits in Ethiopia and Madagascar.

failed to do so owing to the inability of the government to identify the right personnel to represent it in these discussions. Thematic or cluster groups focusing on specific TCB issues (SPS, WTO accession, standards and certification) have invited speakers or interested parties from the government on a case-by-case basis but participation from the government is neither systematic nor formalised.

In Madagascar, on the other hand, no co-ordination mechanisms have been set up, donors considering themselves to be too few and with too limited a scope of TCB activities to warrant any formal co-ordination. The government however has developed a wide range of consultation mechanisms with the private sector which cover *inter alia* trade-related issues. However, trade issues are not the exclusive topic of discussion and donors are not systematically part of these discussions. The consultations therefore do not lead to TCB co-ordination even though private sector participants consider that the needs expressed in these fora receive little attention from the donors.

Answer to Evaluation Question 2

At country level, the objectives of co-ordination include sharing of information, adoption of best practices and development of common approaches.

Where specific TCB co-ordination mechanisms have been set up at country level, most donors active in the field of TCB in the country have participated and have tried, not always successfully, to involve the partner in discussions.

Participation of the partner in discussions has also been dependent upon the existence of a pro-trade policy within the PRSP, the institutional capacity to participate in discussions and the ability to identify a responsible spokesperson for the various parties interested in the issue that cuts across the competences of different ministries.

The outcomes of the co-ordination efforts have not been measurable but the mandate of these groups certainly includes information sharing, common reviews and development of common approaches.

3.2.3 Evaluation Question 3: Achievements of Commission and MS participation in multilateral initiatives

Evaluation Question 3

To what extent did the Commission and MS participation in multilateral initiatives or in TCB activities that are organised and/or managed at a wider multilateral level achieve its expected benefits (i.e.: economies of scale, knowledge sharing in TCB implementation, promotion of EU objectives in wider fora, optimisation of EU influence in TCB activities, leverage)?

Key Findings:

- At multilateral level, the decisions for which the Commission receives a mandate from the MS are structured by formalised mechanisms.
- Beside this, MS and the Commission act autonomously in developing interactions with other actors;
- On the MS side, whether the interlocutor is an EU donor or not does not impact on engaging into dialogue.

J.3.1 *EU participation is co-ordinated in advance and aims at optimising EU influence at wider level*

Under the WTO, distribution of mandates between EU donors is complex and results in a complex co-ordination framework:

- The WTO budget is decided at the Committee for Budget and Financial Affairs (CBFA): there is no EU co-ordination here, each MS acting separately. In the CBFA the amount of the WTO trust fund is decided, each MS negotiating individually (excluded from the mandate of the 133 Committee).
- The programme of the WTO trust fund is decided by the WTO Committee on Trade & Development¹⁸ and therefore prepared by the EU in the 133 Committee and in EU co-ordination meetings in Geneva. These Geneva meetings, which prepare discussions with the WTO Secretariat, are chaired by the Commission Delegation¹⁹ and their mandate is determined by the 133 Committee. But these meetings, rather than being co-ordination fora, appear to be used by the MS to monitor the issues that the Commission intends to raise. Here the MS representatives can ask the Commission Delegation about its activities, but never, at least formally, present their own interventions. This takes place in the 133 Committee.

¹⁸ The WTO Committee on Trade and Development is the forum for discussion of all multi-sectoral matters of special interest to developing countries. All Members of the WTO are also Members of the regular WTO bodies. The membership of the Committee on Trade and Development therefore comprises all countries which are Members of the WTO.

Source: http://www.wto.org/english/tratop_e/devel_e/d3ctte_e.htm

¹⁹ Geneva EU meetings in preparation of WTO negotiations are chaired by the EC and the EU Presidency.

- The IF activities are followed-up in the WTO Committee for Trade & Development. An IF Secretariat is in charge of preparing the programme in co-operation with donors. EU co-ordination meetings are organized in Geneva prior to the meetings with the IF Secretariat.

In the WTO meetings themselves the Commission speaks in the name of the Union. At least one MS considers that certain multilateral initiatives (IF, WTO TA) are too much influenced by the World Bank – but this, of course, implies less that the co-ordination process has not been successful than that the weight of the EU has not been sufficient to offset that of the multilateral organisations or the other participating countries. But whether an EU consensus prevails or not, the decisions of the WTO are reflected in action in the field, largely through training programmes. Because of the way in which they have been set up, for example through the UN agencies, World Bank or IMF, certain activities – for example the Standard Trust Development Facility and JITAP – exclude the Commission since only the MS are members of UN bodies. In this respect the WTO is an exception because it has given the Commission the prerogatives of an individual member as it has a mandate to negotiate on trade issues for all the MS.

The JTDEG functions more as a forum for the discussion of ideas and possible activities related to the role of trade in development than a means of bringing an EU consensus to multilateral decision-making. It has helped its participants to develop a common approach in terms of the content, objectives and management of multilateral activities, and to a lesser degree, of participation of EU donors in these activities. However this has apparently not resulted in sufficient exchange of information on EU activities, let alone a convergence of approach among MS in their participation in multilateral activities such as the IF and JITAP²⁰, despite the current and potential importance of these multinational initiatives to many of the ACP LDCs. Moreover it has apparently had little impact on the in-country activities of EU donors.

The Aid for Trade Initiative led by the WB and the IMF is proposing a major increase in financial support for the IF and also extension of the IF to cover most LDCs as well as, possibly, some other developing countries. In Geneva, following discussions with the WB and the IMF, the UK leads the Aid for Trade Initiative and seeks to co-ordinate donors, although not specifically EU donors as there are still very few of them. The aim is to present a practical and agreed proposal by the end of 2006. Among EU donors the active players in the initiative are the UK, Sweden and Denmark. The Commission has not played a major part in this initiative though it will be discussed within the JTDEG. Even if the Commission wishes to support the initiative – and through that the IF mechanism – the funding decisions will be made by individual MS (and possibly separately by the Commission).

20 It can be noted that the participation of the EU in IF and JITAP at HQ level is generally led by the MS rather than the Commission.

More broadly there is a fair measure of consensus on the operation of the IF. In Geneva the active MS are the UK, the Netherlands, Sweden, Finland, Germany and France. The Commission is not actively involved given that it is not a member of the UN or its bodies (although at country level it is the facilitator in Mauritania and Senegal). Also the Commission has decided to base its Needs Assessment Studies on the IF when there is one, although adoption of the IF mechanism as the basis for EC and MS TCB interventions has not been formalised at Headquarters level.

As far as the team was able to determine from its country visits and questionnaires, co-ordination in the partner countries is largely managed by the multinational organisations, in particular the WB and the UNDP, where multinational interventions – in particular the IF – are concerned. The co-ordination mechanisms have helped develop a common approach, to involve the partner in the formulation of that approach, and to avoid duplication.

There is no preliminary EU donor co-ordination specific to these wider initiatives. In other areas the EU may play a larger role such as through the PSD/T working group in Ethiopia, but even there the Commission is *chef de file* as it, rather than EU representatives working in concert, initiated this particular working group. In these cases co-ordination is typically based on priorities established by diagnostic studies such as those associated with the PRSP (or its equivalent) or a “road map” such as for WTO accession. It is difficult to conclude that “EU influence”, as opposed to a mutual effort by both EU and non-EU organisations to improve the match of the respective interventions through sharing information, was considered to be a significant concern. Very often MS participation in these efforts limited to the few MS directly involved in TCB activities, and even among them there is a disinclination to participate, sometimes even in information sharing. This limited participation might be due to the pre-existence of TCB programmes independently articulated and agreed with the partner government and inspired by individual HQ views on TCB; also, MS procedures might not allow rapid switching of priority areas or activities within the aid programme.

In Ethiopia the IF is the most important multilateral initiative. The DTIS is managed by the WB and co-ordination involves 14 partner institutions. Priority actions have been identified but donor response in the form of accepting responsibility for activities in particular areas has to date been poor. The response to the WTO-accession road map has been more positive, with the Commission-led PSD/T working group co-ordinating donor support (although the chairmanship of that group by a member of the Commission Delegation does not mean that he can speak for the EU as a whole). In neither of these sets of activities is there any specific EU co-ordination. In most cases the Commission, the MS and other donors independently design their own programmes, including contributions to wider-level initiatives, without having defined EU priorities

or even discussed their own proposed activities among themselves, even though once the programmes are already determined they will explain them to each other.

In Madagascar the IF is the principal co-ordination forum for TCB. The WB provides the facilitator, the UNDP the secretariat, and the USAID and Commission are part of the monitoring committee. On the government side the Ministry of Industry, Trade and PSD is the main participant. However the co-ordination effort is limited by the difficult interactions within the overall framework for co-operation offered by the Poverty Reduction Strategy (in which trade is not specifically a priority theme) and the IF, and by the lack of continuity in the role of the “focal point”. The lack of anchorage of TCB in both terms of institution or focal point and of policy or strategy has meant that donors have determined their own programmes independently of the IF. The list of donor activities does not reflect strategic options identified in the DSRP but simply the activities that the donors were already engaged in. Many donors view the co-ordination process as dominated by the WB and UN agencies and thus largely ignore it. Nor is there any effective co-ordination at the higher level between the donors as a whole and no specific effort of the few EU donors involved in TCB to optimise their influence in the multilateral process.

J.3.2 TCB interventions in partner countries reflect priorities established at wider level

There are a number of means through which partner priorities are established – through DTIS studies, WTO accession road maps, road maps for regional integration, and other studies – but the extent to which these priorities, rather than those of the individual donors, are respected in practice is variable. Many donor activities are discussed with the partner, and accepted by the partner as making a positive contribution, although these activities do not reflect the priorities established through these studies.

In neither Geneva or Brussels was there any apparent impact of co-ordination activities undertaken at Headquarters level. It was apparent that the in-country donors considered that priorities had to be established on the spot.

In Madagascar customs procedures and training is an area where interventions are envisaged at multilateral level and are expected to be supported by various donors including the IMF, the WB, UNCTAD and the EU. But an initiative by the UK to start discussions between the partner government and a private sector customs processing firm was apparently not discussed in advance with other EU donors.

J.3.3 EU participation in these initiatives provided information lessons (from and to others)

The country visits yielded no evidence of experience sharing as a general, or even less as a formalised, practice. Indeed in Ethiopia and Madagascar there was no evidence of experience sharing at all, except perhaps by chance through some exchange of information in the PSD/T WG in Ethiopia, or in Madagascar through overlapping activities

such as between USAID and the FAO over seeds supplies and with the French agencies over ecotourism and gemstones.

J.3.4 EU participation offers opportunities for economies of scale, greater effectiveness, etc.

There are examples where participation in wider initiatives led to some ex ante allocation of responsibilities among donors – typically both EU and non-EU – though it is not the general rule. One example is the sharing out of responsibilities under the WTO road map in Ethiopia where the Commission, along with the WB, the UNDP and USAID, formed a cluster group under the PSD-T working group. There is no evidence of such a sharing-out of tasks in Madagascar.

J.3.5 Benefits from wider co-ordination compensate for transaction costs

The transaction costs of TCB co-ordination are generally viewed as worthwhile, both at Headquarters and in-country levels. At the latter level there are few such fora and they generally meet, for example the PSD/T working group in Ethiopia, not more than once a month. The majority of respondents considered that the principal beneficiary of the co-ordination mechanism was the partner.

Answer to Evaluation Question 3

The participation of the EU in multilateral initiatives at Headquarters level – such as the Integrated Framework and JITAP – is generally led by the MS rather than the Commission. To some extent this participation is co-ordinated through the 133 Committee and the Joint Trade and Development Experts Group (JTDEG) meetings in Brussels. In other cases it is co-ordinated by participants in multilateral initiatives in Geneva. The 133 Committee is not primarily concerned with TCB although it does achieve a EU consensus on the position to be taken in a number of specific trade-related activities such as the training programmes of the WTO, while the Joint Trade and Development Experts Group has engaged in discussion about the objectives and management of TCB activities and to a lesser extent about the participation of EU donors in these activities. However this has not in general led to a consensual EU position during discussions in the multilateral fora, nor has it had much impact on EU donor activities on the ground.

On the other hand, most individual partner countries appear to have adequate fora for co-ordination of TCB activities at multinational level. These take the form mainly of meetings on the IF agenda and meetings of working groups on PSD and Trade (or similar). In the view of most respondents to the questionnaires, the problem is that sharing of information on TCB activities, development of a common understanding of these issues and allocation of tasks according to donor comparative advantage are important issues which, although discussed in the PSD/T groups, but nonetheless inadequately addressed in the IF fora. Moreover, there was little indication of any allocation of responsibilities according to donor comparative advantage in either Madagascar or Ethiopia.

The IF is seen by many as the best co-ordination process for needs analysis and a majority of respondents to surveys indicated that the frequency of IF meetings was too low. On the other hand DFID views the IF process heavy-handed and time-wasting and is generally reluctant to serve as in-country facilitator. Co-ordination inevitably reduces flexibility and some MS point to the loss of time spent in working on harmonisation and alignment. In this respect the Commission has a poor reputation as regards making timely changes in programmes when these are clearly appropriate.

3.2.4 Evaluation Question 4: Benefits from use of mechanisms set up at HQ level

Evaluation Question 4

Have the EU co-ordination mechanisms set up at headquarter level been successfully exploited for preparation, adoption and implementation of complementary and/or mutually reinforcing TCB strategies and for facilitating co-ordination of the programming of TCB activities?

Key Findings:

- The use of EU co-ordination mechanisms developed for TCB has been limited to exchanging information on EU donors' programmes and activities for TCB.
- Despite the Commission's efforts and despite the Council's COMM, HQ co-ordination hardly goes beyond this stage.

J.4.1 The mechanisms (co-ordination committees, consultation procedures, working groups, etc.) have been used to co-ordinate and develop complementarities in the provision of TCB.

As mentioned under EQ₁, the formal structures for co-ordination at HQ level are not specifically designed to develop complementarities in the provision of TCB, but rather to reach agreement or consensus on EU strategic decisions. Thus:

- decisions taken in the 133 Committee determine the common EU trade policies promoted in multilateral institutions;
- the CODEV prepares the Council's preparatory work;
- results of consultations of Regional Working Groups (e.g. ACP Working Group) should necessarily be taken into account when drafting CSPS and NIPs.

Co-ordination in the specific case of EPA negotiations is a Commission-driven process, where consultation with MS on TCB aspects focuses on preliminary exchanges of information. MS have participated ex ante in Regional Preparatory Task Forces through preparatory informal meetings, bringing in MS representatives from their Headquarters (also see section 3.1.2 d).

At the informal stage of co-ordination, the Joint Trade & Development Experts Group suffers from a fundamental divergence of views between the Commission and MS participants on its actual role and potential outputs. On the Commission's side, there is regret over the lack of involvement of the MS (few MS communicate on their TCB activities, while others are more passive consumers rather than providers of information), the heterogeneity of MS participation, and the lack of feedback on the Commission's proposal for developing common EU guidelines for TCB. In contrast, MS participants generally appreciate this heterogeneous participation and the active communication of the Commission on its activities. Despite the EC's efforts, this results in co-ordination limited more to sharing information than to developing complementarities or adopting common practices (also see J.4.2).

Another divergence in opinion arises between several MS and Commission representatives on the capacity of the Joint Trade & Development Experts Group to influence decisions taken in formal instances: the informal status of the Group is perceived on the Commission side as an advantage, facilitating more in-depth debate without hierarchical constraints. On the MS side, some argue that even when there is agreement on developing complementarities in the provision of TCB, the lack of formal written records limits the capacity of the Group to influence decisions and debates in formal mechanisms such as the 133 Committee.

J.4.2 *The mechanisms (co-ordination committees, consultation procedures, working groups, etc.) have led to the sharing of information and the adoption of best practices in the sphere of TCB and permitted/ facilitated the elaboration of mutually reinforcing approaches.*

The Council's conclusion on the 2002 Trade and Development Communication included a request for common EU guidelines on Trade for Development activities. Based on the survey of participants in the Joint Trade & Development Experts Group, it appears that MS show divergent opinions on the proposal for such guidelines and on the role of the Commission in that context. A majority of MS respondents were reticent when asked about adopting Commission-designed guidelines for TCB. When asked if the Group influenced the definition of a common EU approach to multilateral TCB activities (WTO seminars, JITAP, etc) half of the respondents stated that the Group made a significant or fairly important contribution to the definition of common EU objectives for these multilateral TCB activities; that it helped reaching an "EU consensus" on their content; and that it helped reaching a common EU position for the management of these activities. But only 39% thought that it influenced participation of EU donors in these mechanisms, and only 22% considered that it made an important contribution to defining a common EU position for their funding (28% thought it made no contribution at all).

There has been no specific EU co-ordination on development of common, structured information bases on the EU's TCB activities. This was rather developed at multilateral

level, through the Doha Development Agenda Trade Capacity Building Data Base (TCBDB)²¹, established jointly by the WTO and the OECD. It provides quantitative information on trade-related technical assistance and capacity building (TRTA/CB) projects in favour of developing countries or regions, supported by bilateral donors and multilateral or regional agencies. It identifies recipient, funding country or agency, implementing country or agency, and the category of TRTA/CB activities, of 42 bilateral and multilateral donor agencies. It also identifies donor contributions to TCB Trust Funds (ITC, JITAP, Integrated Framework Trust Fund, WTO Trust Funds)²².

Two main EU mechanisms exist that improve identification at HQ level of partners' TCB needs: the impact assessments of EPAs and Trade Needs Assessments²³. But these two approaches are largely Commission-driven, and MS involvement remains limited to preliminary consultation and feedback (see above J.4.1).

Answer to Evaluation Question 4

The Council's Conclusion on the 2002 Trade and Development Communication included a request for common EU guidelines on Trade for Development activities. The Commission tries promoting this approach in the JTDEG. But this hasn't materialised to date. Reticence is visible on the MS side on the adoption of common EU guidelines for TCB. EU co-ordination at this HQ level is clearly limited to exchanging information on EU donors' programmes and activities for TCB.

However, this basic level of co-ordination is not perceived as satisfactory, for a series of reasons:

- The information flow is essentially a one-way flow, from the Commission to the MS, with low involvement of most MS.
- There is little information on what is achieved in the field.
- There is no continuous or structured link between HQ-based co-ordination mechanisms for TCB and corresponding in-country mechanisms.
- Co-ordination in the programming of TCB is not designed around a specific EU framework, but around multilateral initiatives. Mechanism such as the IF process, the WTO Trust Funds or the WTO accession plans facilitate a participative and complementary approach between all participants. Where TCB co-ordination at multilateral level does not deal with trade negotiations, EU donors act autonomously and MS are keen on defending their own priorities.

21 Doha Development Agenda Trade Capacity Building Database (TCBDB): <http://tcbdb.wto.org>

22 Annex 6 presents information extracted from the TCBDB.

23 The Trade Needs Assessment aims to provide a coherent framework for programming the Commission's trade-related interventions. In countries already covered by the IF, the available DTIS is taken as a basis. The Trade Needs Assessment is carried out region by region, starting with Asia in 2005. The other regions including ACP should be covered in time for the new programming cycle.

Co-ordination that contributed to or facilitated the elaboration of mutually-reinforcing approaches for TCB has been observed in the field: in Ethiopia, this happened at IF level (DFIS) and through the WTO Road Map. But again these two approaches are not limited to specific EU co-ordination mechanisms; they were instigated and led by multilateral institutions.

3.2.5 Evaluation Question 5: Benefits from use of mechanisms set up at partner country level

Evaluation Question 5

Have the consultation mechanisms set up at partner country or regional level between the European Commission, the Member States, and the partner been sufficiently exploited to ensure co-ordination of programming and implementation of TCB activities?

Key Findings:

- Co-ordination mechanism for TCB in the field have been exploited to facilitate complementarities and to limit redundancy of initiatives.
- Donors are linked to priorities established in their respective HQ, and the partner generally lacks a clear trade policy and capacity susceptible of leading the co-ordination machinery.
- Overall, co-ordination does not mature into the development of common programming and to a common strategic response to partner's needs.

J.5.1 *The consultation mechanisms (co-ordination committees, consultation procedures, working groups, etc.) have been used to co-ordinate and develop complementarities in the provision of in-country TCB.*

There is no general pattern for in country co-ordination of TCB activities. In Ethiopia, specific co-ordination mechanisms have been put in place to help identification, programming and implementation of donor activities primarily in the field of private sector development and trade. They are the PSD-T/WG and its related specific cluster groups established under the general Donor Assistance Group. The Commission, which is also the facilitator for the IF in Ethiopia, has played and is playing a proactive role in shaping and animating these groups.

These mechanisms have been mainly used to share information on PSD and trade-related activities between the participants involved in this kind of interventions and they have undoubtedly improved mutual information exchange. They have enabled the donors to develop a common view on the broad message they want to convey to the government with regards to what it should do in the area of PSD and trade. They also contributed to avoiding duplication of effort but they have not matured into common programming, harmonisation of procedures, and so on. So far the scope for complementarity between donors has been very limited. Only in the case of the WTO accession

road map has co-ordination led to a comprehensive and strategically planned coverage of the needs by several donors (Commission, UNCTAD, UNDP, USAID and World Bank). It is clearly an example of effective harmonisation but it is noteworthy that no EU MSS took part.

In contrast to the reception of the road map for WTO accession, the IF/DTIS has evoked little response so far from donors, who have continued individually to pursue what they regard as the key priorities. Apart from UNIDO and UNDP who agreed to work together to meet the priority needs identified in the Plan of Action associated with the DTIS, other donors have so far simply highlighted those needs with which their ongoing programmes were consistent. This state of affairs is likely to change with the current revision of the SDPRP which makes PSD/T one of its priorities for sustainable growth, and the PSD/T WG is prepared to co-ordinate activities supporting the Plan of Action in that context.

In Madagascar, co-ordination between EU donors and with other donors is largely informal but regular. Co-ordination between donors and with the partner government is well developed in many areas (Partnership Framework for Budget Support, Environment, Education) but none of these focuses on trade-related and TCB issues. In this field the monitoring committee of the IF constitutes the main framework but in practice it has stalled since the formal validation of the DTIS. Contacts with the donors result neither in additional development assistance nor in a convergence of donors to fill the gaps in the trade integration priority actions matrix.

EU donors are few and they frequently meet informally; they co-operate with each other and with other donors in a number of sectors (horticulture, fish, support to private sectors), and in those areas their co-ordination has led to some complementarity and avoidance of duplication. However, this is not the result of a joint strategic approach organising a joint effort to address priority needs, but rather of the mismatch between the wide range of needs and the limited resources available to address them.

From the analysis of co-ordination in these two countries and from the questionnaire survey a number of observations can be formulated on the use made of the co-ordination mechanisms and of their effectiveness in achieving complementarity in TCB provision in the partner countries.

The Member States and the Commission do not have necessarily a common view on the priorities for TCB interventions. Decisions on and selection of intervention by the donors remain largely in line with their priorities established in their own Headquarters or in the country; these priorities depend other domestic decisions such as the existence of specific programmes developed at HQ level (for instance the French PRCC or the centrally managed but locally implemented Trade and Poverty Programme of DFID).

In the areas of trade and TCB it is widely accepted that the IF and in particular the priority Action Plan associated with the DTIS offers the best framework for co-ordinating strategically the provision of assistance. Donors are increasingly aware of this and specific TCB co-ordination groups are generally focused on using the IF as a reference. However, so far the response of the donors to the priority action plans has been very limited, provoking disappointment on the part of the partner. Several factors contribute to this situation:

- the national trade policy is often insufficiently developed and formulated to offer a clear reference framework;
- limited management capacity in the government limits the extent to which local institutions take a pro-active role, even when their mandates allow it.

The co-ordination mechanisms have greatly improved the sharing of information and permitted avoidance of duplication, but only in a minority of cases have they led to common implementation schedules, adoption of best practice, or common mechanisms for monitoring and evaluating implementation of TCB.

Finally, in the area of TCB it is not intra-EU co-ordination that matters but co-ordination of all actors, generally limited in number, involved in this type of activity.

J.5.2 *The EU approach, including its internal co-ordination mechanisms and contacts with other donors, has involved the partner in view of increasing its participation in the overall co-ordination process covering all donors in this field*

The EU donors are always willing and trying to involve the partner and give it an increasing role in the co-ordination process. Situations differ from country to country. In Ethiopia, the government has not been willing to take a leading position in the main co-ordination group (PSD/T) where TCB is discussed although this has been proposed. However, some departments take a very proactive role in developing programmes with groups of donors (an example is the co-operation between the Department of Export Promotion of the MoTI, the Trade Facilitation Bureau in Canada and the ITC). Some individual donors (GTZ) have also established, through years of co-operation and dialogue, excellent working relations with the authorities but calls to other donors to participate in this dialogue have not been successful so far.

In Madagascar the dialogue takes place under the PNSP with the Government in the leading role. In this case donors tend to adopt a more reactive than proactive stance in co-ordination.

The active participation of the partner in the TCB co-ordination process is more complex than in other areas because of the double problem already identified: trade is a fragmented responsibility among several ministries and institutions, and trade issues may be extremely complex and technical.

Two elements are very important in ensuring that the partner takes a proactive and constructive role in the co-ordination of TCB activities:

- (i) The institutional and managerial capacity of its trade-related line ministries and services and the relationship between them. Frequently lack of harmonisation and absence of overall information on what different bodies do generates wastage of resources or duplication of activities by different departments with a varying level of quality (for example, the Ministry of Agriculture and the Quality and Standards Authority of Ethiopia may do the same things without knowing it).
- (ii) The focal point of the IF is the key interface between the donor (represented by the facilitator) and the local administration, the latter generally being a representative of the Ministry of Trade with a relatively high rank in the administration. However, neither personal status nor the importance of the ministry are sufficient to give the partner representative access to full information in other departments and agencies or to trigger reactions by the main policymakers when needed. These difficulties are compounded when the country undertakes a public administration reform which generally involves a temporary period when the ablest people take advantage of the incentives offered to civil servants to leave the administration.

Answer to Evaluation Question 5

This question relates to the effectiveness of the co-ordination process and seeks to determine whether the in-country co-ordination mechanisms have produced beneficial outputs in terms of developing co-ordinated approaches to TCB interventions. Two Judgement Criteria help to answer the question. The first verifies whether co-ordination mechanisms have been used to co-ordinate EU in-country assistance, and to what extent, whereas the second verifies whether they have aimed at improving the role and the participation of the partner in the co-ordination of TCB activities.

Decisions on and selection of interventions by donors remain primarily in line with priorities established in their own Headquarters or in the field, but always in response to demands expressed by the partner.

Co-ordination mechanisms have been developed in partner countries and have been successfully exploited to avoid duplication of efforts and to facilitate complementarities. But in the area of TCB they have not matured into common programming and provision of a common strategic response addressing comprehensively the priority TCB needs of the partner. Co-ordination on TCB activities is generally conducted at the level of the donors participating in the overall co-ordination mechanisms (donor co-ordination groups and co-ordination in the context of the PRSP budget support, etc.) or those associated with particular mechanisms. No specific benefits are expected from intra-EU co-ordination in the field of TCB.

Whereas the EU donors always attempt to involve the partner and give it an increasing role in the co-ordination process, the lack of clarity of trade policy and limited management capacity on the partner side severely limit the effectiveness of co-ordination.

3.2.6 Evaluation Question 6: Impact of co-ordination on programming of TCB

Evaluation Question 6

Does EU co-ordination lead to a more consistent and coherent framework for the programming of TCB interventions?

Key Findings:

EU co-ordination in the field has not succeeded in offering a more consistent and coherent framework for TCB interventions. This is related to (i) the compartmentalised approach adopted for TCB in the Commission Delegations and MS representations, and to (ii) the fact that the Commission is seldom perceived as the relevant level for co-ordination of TCB activities.

This question addresses the impact of co-ordination on the programming of TCB interventions and seeks to assess whether EU co-ordination leads to a more consistent and coherent approach in the following areas:

- identification of needs and priorities in terms of TCB; formulation of diagnostics;
- appropriateness of the response proposed (in terms of resources allocated to TCB activities, selection of activities, and choice of instruments);
- avoidance of duplication of effort, provision of increased coverage;
- specialisation of intervention.

Efforts to make the different departments of the Commission at Delegation level and the Services of the represented MS agencies aware of TCB issues have not yet born fruit, most departments or Services remaining focused on their own sectors of interest. As a result, assessment of TCB needs and priorities remains compartmentalized with no proper account being taken of the multi-sectoral dimension of trade development.

In-country TCB co-operation between the Commission and MS is not systematic and depends on local circumstances, projects and programmes. The Commission is seldom perceived as the relevant level for co-ordination of TCB activities.

The question relied on two Judgement Criteria focusing on:

J.6.1 *EU co-ordination has led to development of a common approach to needs and priorities assessment, and*

J.6.2 *EU approach (including in-country co-ordination and relations with partner and other donors) has led to a more appropriate answer to partners TCB needs.*

The questions suggested by these Judgement Criteria can be approached at two levels, namely whether EU co-ordination has successfully led to adoption of a common approach, first *within* the Commission and the individual MS and partners, and second

between those actors. In both cases it is necessary to verify that the adoption of a common approach has led to adequate identification of needs and priorities and to appropriate answers thereto.

At the first level, findings point towards a frequent absence of co-ordination or communication between different services (in particular, between rural development, agriculture and trade ministries, departments or agencies): whereas efforts towards this internal co-ordination are made at HQ level (see EQ1), trade continues to be seen as a separate issue by in-country services. Even in countries such as Ethiopia, where a specific trade co-ordination group is actively engaged in developing common approaches and views, there appears to persist a lack of communication with other sector co-ordination groups and a lack of interconnection between the various sector aspects of trade. As a result, assessment of needs and priorities remains a compartmentalized exercise with no proper account being taken of the multi-sector dimension of trade development.

At the second level, any development of a common approach between the Commission, MS and other donors remains very much the result of local circumstances or individual initiatives: in-country TCB co-operation between the Commission and MS is not systematic, and in any case the Commission is seldom perceived as the relevant level for co-ordination of TCB activities even though it may take a leading role in co-ordination generally, as in Ethiopia. Indeed, the choice of with whom to co-ordinate is dictated by the type of programme or project financed. From interviews it appears that some MS are more likely than others to co-ordinate: DFID, France and Germany are the most visible actors for TCB in the field and are also the most active in co-ordinating with the Commission on this topic.

Even in countries where specific TCB co-ordination efforts are made, some donors, including MS, have been found to conduct identification and programming of important TCB activities without liaising with the co-ordination mechanisms (see EQ5 above for the example of GTZ programming in Ethiopia). In other instances, MS priorities might well diverge from the position adopted and advocated by the Commission, such as in the fisheries sector where MS might exercise their influence on the negotiation of fisheries agreements through bilateral agreements and not as an element of EPAs. When individual MS redefine their own Trade & Development policy in parallel with the Commission's mandate, there is a potential risk of conflict and incoherence.

While perceived as an essential topic for co-ordination in the field, common understanding of the partners' TCB priorities and needs is not always put at the top of the agenda of co-ordination. From the questionnaires it even appears that understanding of the partner's needs is seemingly not systematically addressed by these co-ordination mechanisms.

On the Commission side, procedures for assessing the partner's needs are essentially developed through preparation of EPAs and through the Trade Assessment Needs. These approaches are essentially HQ-driven and are not always understood in Delegations. Their link with the IF process is variable from country to country.

Where an IF exists there should be, in principle, effective co-ordinated action for assessing and addressing the partner's needs; the quality of the process will heavily depend on the country's political backing for the process, especially on the government's good will in effectively accepting the diagnosis made and the priorities identified. In the field, the Ethiopian WTO accession roadmap is an example of effective co-ordinated action for assessing and meeting the partner's needs, even though the government's position on the priorities it wishes to promote remains rather unclear and the donors' activities remain heavily influenced by their own priorities.

Answer to Evaluation Question 6

Evidence suggests that EU co-ordination has not succeeded in offering a more consistent and coherent framework for TCB interventions. Firstly, efforts to make the different departments of the Commission at Delegation level and the Services of the represented MS agencies aware of TCB issues have not yet born fruit, most departments or Services remaining focused on their own sectors of interest. As a result, assessment of TCB needs and priorities remains compartmentalized with no proper account being taken of the cross-cutting dimension of trade development.

Secondly in-country TCB co-operation between the Commission and MS is not systematic and depends on local circumstances, projects and programmes. The Commission is seldom perceived as the relevant level for co-ordination of TCB activities.

3.2.7 Evaluation Question 7: Impact of co-ordination on implementation of TCB

Evaluation Question 7

Does EU co-ordination lead to better performing mechanisms for the implementation of all or some TCB intervention?

Key Findings:

- Limited evidence that potential gains expected from co-ordination on implementation of TCB have materialized.
- Adoption of common schedules and procedures, best practices have not been achieved through specific EU co-ordination, and have rarely materialized in the framework of multilateral initiatives.
- Limited impact of co-ordination on complementarity and non-duplication of TCB interventions.

While co-ordination might improve the performance of TCB activities – through establishment of clear schedules for the activities of different donors; adoption of common procedures; application of lessons learned by donors in TCB experience in the country or elsewhere; and through a division of labour between EU donors that reflects comparative advantages – there is in practice limited evidence that these potential gains from co-ordination have generally materialised. To the extent that there have been gains it is mainly from the co-ordination process involving all donors, rather than any specific EU co-ordination.

Co-ordination has not led to the development of schedules for the implementation of TCB interventions, whether under the IF or other co-ordination mechanisms. That might have been expected where the objectives and necessary steps are clear – such as preparations for WTO accession – but there is no evidence that that has happened. In the rare instances where common procedures have been adopted, these have only partially reflected the partner’s procedures. Similarly there is little evidence that co-ordination in any partner country has led to the pooling of “best practice”. There may have been cases where co-ordination has led to greater complementarity and avoided duplication, but this is by no means the general experience.

J.7.1 Co-ordination led to establishment and implementation & monitoring of clear schedule for TCB

It appears that a schedule for TCB activities agreed by the donors requires a “road map” or a clear goal with well-defined steps. But even where such a road map exists, such as the WTO accession road map in Ethiopia, co-ordination has not led to the establishment of a clear schedule of activities, possibly because of:

- the lack of partner government commitment;
- lack of close involvement by the partner in the co-ordination mechanism, perhaps because of a “donors know best” attitude or simply lack of capacity;
- a sense that it is effectively impossible to develop a schedule of activities because of the inherent uncertainties about the results of any particular activity.

The result of the absence of such a schedule in Ethiopia – and probably elsewhere – is the absence of any joint monitoring of donors’ TCB activities.

In practice the IF diagnostic studies could be used to develop a schedule of TCB activities. The responses to Questionnaire A suggest that this rarely, if ever, happens. The problems suggested above seem even more difficult in the case of IF co-ordinated activities, because the goal and the necessary steps required cannot be articulated in such a straightforward and unarguable manner as that for, for example, joining the WTO. There are other problems with the IF process such as its unclear relation to the PRSP – which donors may believe is a better vehicle for defining priorities – or simply that donors have their own independent assessment of priorities. Both these problems

were apparent in Madagascar where the IF process might have seemed the obvious route to clearly defined priorities, allocation of responsibilities among donors, scheduling of those activities and an agreed system for monitoring progress. There are however problems with regard to the IF process in Madagascar (see 3.1.3 above) and, in any event, the EU donors have expressed the view that it is the role of the government to initiate such co-ordination which could lead to such a schedule of activities. The answers to Questionnaire A did however suggest that there have been cases of adoption of common financing mechanisms for TCB interventions – co-financing, basket funding, and, most often, a sector-wide approach – but it was not clear whether, where these mechanisms were adopted, there was any specific scheduling, task-sharing or monitoring of activities.

J.7.2 *Co-ordination has led to adoption of common (or partner) procedures*

This does not seem to have been the case with TCB, either in Ethiopia or Madagascar. The responses to Questionnaire A suggest that, in the rare cases where common procedures have been introduced, these were only partially based on the partner's procedures.

J.7.3 *Co-ordination has facilitated application of lessons learned by donors in TCB experience; and*

J.7.4 *Co-ordination has led to the division of labour among EU donors that reflects comparative advantages*

There is little evidence from the questionnaires or field trips that co-ordination in any partner country has focused on lessons learnt or disseminating, let alone exploiting, "best practices". Only a minority of respondents suggested that co-ordination resulted in gains from pooling of experiences although the majority consider that co-ordination has improved the overall mix of activities. There was no overall consensus as to whether co-ordination has led to greater complementarity and avoided duplication or whether it has resulted in activities better reflecting the comparative advantages of the respective donors.

However whenever there has been improved division of labour it is not specifically among EU donors. Indeed it seems to be more the practice among UN agencies. In Madagascar, for example, while there is no a priori division of labour between the few active EU donors or between donors as a whole, the UNDP focuses on strategy formulation, the UNIDO on promotion of agro-industrial sectors, and so on. In Madagascar, France and the Commission have over time achieved some complementarity of their activities through mutual information about each other activities. But generally, to the extent that there has been some division of labour among EU donors, it is because large programmes dealing with regulatory frameworks (for instance SPS) have been conducted by the Commission.

Answer to Evaluation Question 7

While co-ordination might improve the performance of TCB activities – through establishment of clear schedules for the activities of different donors; adoption of common procedures; application of lessons learned by donors in TCB experience in the country or elsewhere; and through a division of labour between EU donors that reflects comparative advantages – there is in practice limited evidence that these potential gains from co-ordination have generally materialised. To the extent that there have been gains it is mainly from the co-ordination process involving all donors, rather than any specific EU co-ordination.

Co-ordination has not led to the development of schedules for the implementation of TCB interventions, whether under the IF or other co-ordination mechanisms. That might have been expected where the objectives and necessary steps are clear – such as preparations for WTO accession – but there is no evidence that that has happened. In the rare instances where common procedures have been adopted, these have only partially reflected the partner's procedures. Similarly there is little evidence that co-ordination in any partner country has led to the pooling of "best practice". There may have been cases where co-ordination has led to greater complementarity and avoided duplication, but this is by no means the general experience.

3.2.8 Evaluation Question 8: Impact of co-ordination on donors support to a TCB strategy owned by the partner

Evaluation Question 8

Does co-ordination contribute to the elaboration of a TCB strategy that is owned by the partner, addresses its needs and priorities and is shared and supported by the donors?

Key findings:

- The existence of a clear trade policy direction on the partner side is a prerequisite for structuring dialogue on TCB aspects.
- From interviews and field visits, the IF clearly emerges as a co-ordination process capable of framing the policy dialogue with the partner, contributing to its ownership of a TCB strategy, addressing its needs and priorities with donors support.

The question concerns the upper layers of the intervention logic and aims to verify that co-ordination has helped to maximise the benefits of TCB for the partner. Three Judgement Criteria were used to assess the question, relating respectively to: (i) the existence of a policy dialogue on trade-related areas, (ii) the partner's leading role in policy dialogue and (iii) the emergence of a trade policy owned by the government and

endorsed by the donor community. The question addresses the fundamental issue that eventually donor co-ordination, through policy dialogue gradually led by the partner, must converge towards a single coherent set of policies which:

- are ‘owned’ and managed by the partner in the light of its own needs and priorities,
- promote the partner’s interests,
- are shared and supported by the donors, even when their economic interests diverge.

Whether co-ordination has facilitated development of a TCB strategy endorsed by the government and the donors varies from one country to the other. TCB issues are usually not a priority in general policy consultations between government and donors and in many cases trade policies may not be sufficiently well defined to provide a basis for the elaboration of a TCB strategy.

The IF can help this process along by rallying government and donors around a common understanding of the constraints and priorities; the IF can be identified as a co-ordination process that has the capacity to structure and frame the policy dialogue between donors and partner and has the capacity to contribute to the elaboration of a TCB strategy that is owned by the partner, addresses its needs and priorities and is shared and supported by the donors.

Policy dialogue in the field of TCB suffers from unclear trade policy directions and from the difficulty of identifying within the partner governments a single institution or interlocutor capable of mastering the multi-sectoral dimension of TCB issues. Moreover, the willingness of the partner government to participate in such dialogue, as well as its willingness to involve private sector operators, varies.

J.8.1 *There exists a policy dialogue on TCB and related areas (which may develop gradually in terms of number of donors involved and depth of dialogue)*

TCB does not appear to be a priority issue in policy discussions even though much effort was devoted in the 1970s-1990s period to liberalising ACP economies and establishing adequate conditions for external trade (liberalisation of the trade regimes under the structural adjustment programmes). The overall policy dialogue which is focused on the PRSP often does not enter into the technical aspects of TCB, trade development often not being identified as a priority issue *per se* in the PRSP, remaining more a general intention than an issue to be tackled in the context of a well defined strategy, work plan and identified actions.

The little attention given to TCB in policy discussion is possibly explained by the lack of an appropriate forum for these discussions. As seen above (EQ2), the situation varies from country to country but even where active co-ordination exists (Ethiopia for example), the multi-sectoral nature of TCB has made it difficult to identify one single institu-

tion or interlocutor in the partner government capable of entering this level of discussion (see EQ6 above).

J.8.2 *The combined efforts of the Commission and Member States have contributed to the capacity of the partner to lead the policy dialogue on TCB and related areas*

By offering financial and technical support for the implementation of structural reforms which were part of the structural adjustment programmes during the 1970s-1990s period and which are again an important feature of current PRSPs, the Commission and MS have been contributing to strengthening partners' capacities to lead the policy dialogue, whether in general or specifically on TCB and related areas. The general support for institutional strengthening has enabled government staff to be better equipped technically; in many countries this has followed a phase in which public administration reform considerably weakened the government's capacity (such was the case in Madagascar where many experienced staff left the civil service). Particular efforts in the area of TCB have included the (co-)financing of training programmes to raise civil servants' awareness and understanding of trade-related issues.

Whether or not the partner country is able and willing to take the lead in policy discussions again varies from one country to another. The two countries visited (Ethiopia and Madagascar) give two totally different illustrations. In Ethiopia, the partner was unwilling and possibly unable to lead policy discussions, owing probably to its unclear position vis-à-vis its own trade policy and its unwillingness to identify an interlocutor. The government was thus quite willing to let the donors drive TCB policy discussions. In Madagascar on the other hand, much effort has been spent on training government staff and private sector participants in TCB, and an organised debate exists on trade-related issues; but donors are not part of this debate and policy discussions with the government are limited to bilateral discussions. Madagascar seems to illustrate the case where the partner has indeed potential capacity to lead policy discussions but has no desire to enlarge the discussions to encompass all donors.

J.8.3 *The strengthened policy dialogue has led to the elaboration of a trade-related strategy which has full partner ownership and is validated by the alignment of donors to it.*

As mentioned above (J.8.1) trade is not usually identified as a priority area for government action in the PRSP. It has therefore received relatively little attention in the general consultations between government and donors (whether PRSP or budget aid discussions).

Since TCB concerns different sectors, it also does not lend itself easily to a 'sector' approach. In addition, in many cases trade policies may not be sufficiently well defined to provide a basis for the elaboration of a TCB strategy: in Ethiopia for example, despite an apparent willingness to strengthen the export sector, foster regional trade and enter into the MTS, the government gives contradictory signals to private sector enterprises

which hamper their development and participation in external trade. There persists a negative attitude *a priori* towards private enterprises and the development of private sector activities which does not provide a favourable environment for the development of pro-trade policies.

In Madagascar trade policy remains unclear, in particular with regard to the choices to be made regarding regional integration, and not all stakeholders seem to be convinced by the virtues of international trade. Again, the prospects for developing a pro-external trade policy are not good and in any case the Malagasy government does not seem to want to align donors to a single well-defined policy, preferring to hold bilateral discussions and compartmentalising its approach to trade.

This rather bleak picture should not hide the positive changes that can be brought about by the IF exercise. Where the IF has been successfully launched and is active, it has offered a platform for policy discussions on TCB and identification of constraints and priorities, around which government and donors alike have rallied. The Integrated Framework can thus clearly be identified as a co-ordination process that has the capacity to structure and frame policy dialogue between donors and partners and to contribute to the elaboration of a TCB strategy that is owned by the partner, addresses its needs and priorities and is shared and supported by the donors.

Answer to Evaluation Question 8

Whether co-ordination has facilitated development of a TCB strategy endorsed by the government and the donors varies from one country to the other. TCB issues are usually not a priority in general policy consultations between government and donors and in many cases trade policies may not be sufficiently well defined to provide a basis for the elaboration of a TCB strategy.

The IF can help this process along by rallying government and donors around a common understanding of the constraints and priorities; the IF can be identified as a co-ordination process that has the capacity to structure and frame the policy dialogue between donors and partner and has the capacity to contribute to the elaboration of a TCB strategy that is owned by the partner, addresses its needs and priorities and is shared and supported by the donors.

Policy dialogue in the field of TCB suffers from unclear trade policy directions and from the difficulty of identifying within the partner governments a single institution or interlocutor capable of mastering the crosscutting dimension of TCB issues. Moreover, the willingness of the partner government to participate in such dialogue, as well as its willingness to involve private sector operators, varies.

3.2.9 Evaluation Question 9: Impact of co-ordination on the partner entering the MTS

Evaluation Question 9

To what extent has co-ordination of TCB at HQ level and in-country helped the partners to cope with EU policy measures that affect their trade environment, and to negotiate effectively any new agreements?

Key Findings:

- Awareness that EU internal policies and regulations have a major influence on the trade of ACP countries, but lack of information in the partner countries/regions on these policies and on their consequences.
- Support to negotiation capacity has been so far mainly conducted through multilateral institutions and results are limited.

EU bilateral effort in this area is increasing at national and regional level, particularly in the context of the preparation of the EPA.

The question addresses a central issue for EU co-ordination. A number of policy measures are decided unilaterally within the EU or through negotiation with their partners that affect market access and the trade environment in general. While the coherence of these policies with development policy is not the subject of this evaluation, the analysis of co-ordination requires an examination of whether and how EU actors are co-ordinating their efforts to better inform partners, prepare them to adapt their trade sector to these changes, and give them the skills to negotiate on these issues.

This question is therefore critically linked to the overall objective of profitable engagement of the partner in the MTS. As many ACP countries conduct most of their international trade with the EU, EU co-ordination should address as a priority the consequences of EU policy decisions and new trading arrangements on their trading position.

Studies and seminars conducted under programmes defined at the wider level (IF, WTO seminars) do not focus on EU-specific rules and policies. Efforts by EU donors have mainly taken the form of studies on the impact of the EPA (generally viewed as insufficient in terms of quality and involvement of the partner) and information provided to operators through various types of PSD project (participants in PSD co-ordination groups emphasise that the need for information on EU-specific rules and policies, although important, is insufficiently addressed).

Diverse efforts have been made to develop TCB activities directed to addressing EU policy measures. They take the form of large Commission regional programmes focusing on helping countries comply with and adjust to SPS standards, or of bilateral interventions by one or several donors in the same country. So far these activities remain limited and do not seem to result from a co-ordinated donor view.

The lack of negotiation capacity in ACP countries is well recognized and addressed by EU donors, indirectly through their participation to the funding of WTO seminars and training activities via the Global Trust Fund, and directly through bilateral Commission and MS negotiation training projects. The impact of the WTO seminars on negotiation capacities is questioned although their quality is excellent, and EU bilateral effort in this respect has so far been limited but is being substantially increased in the new programmes.

J.9.1 *The Commission and the MS co-ordinate the provision of information to the partners about the policy changes and their implications in terms of market access and trade conditions.*

In Ethiopia it appears that there were no discussions or seminars on EU trade policy as a whole or on particular aspects of it affecting trade with Ethiopia.

In Madagascar, there is great awareness that EU internal policies have a crucial influence on trade between the island and the EU and are taken into account in the provision of assistance by the Commission and MS. However, no systematic information is provided to the partner about policy changes and their implications. The case of the recent sanitary inspection of fisheries reveals a double lack of communication: inside the Commission, the intervention was conducted by DG Sanco without co-ordination with other DGs or with MS; in the country it came as a surprise to the national authorities who did not anticipate any problems in this area.

Overall, information of the partner on EU policies is not the result of a co-ordinated effort of the Commission and the MS, but takes place either through individual initiatives (for instance the Dutch CBI is an information source on various aspects of EU regulations on SPS and other measures) or in the broader context of multilateral initiatives, like the WTO seminars, which are not specifically targeted on EU policies and regulations.

J.9.2 *The Commission and the MS co-ordinate to identify and implement the TCB measures that would help the partner countries to mitigate the negative effects or to take advantage of these changes.*

A major effort is made by the Commission to help the ACP countries, through an all-ACP programme, to conduct studies on the impact of the future EPA. Whilst the preparation of the EPA is of major importance for the participating countries, partner countries have in general been dissatisfied with the impact studies. The latter are regarded as insufficient in terms of quality and, according to the partners, they are not co-ordinated with them (although the studies are always made at their request) and are entirely managed from Brussels in respect of terms of reference, selection of firms and experts, and validation. What is true is that these studies have been important in rais-

ing awareness about the stakes involved in the EPA and the complexity and importance of the efforts needed to meet them.

The implementation of TCB measures helping the partner countries to cope with and take the best advantage of EU policies and regulations is done through various channels (see box next page):

- Large Commission regional programmes to help countries on specific themes such as how to adjust to SPS regulations and meet standards, upgrade the functioning and regulatory framework of their customs, or access resources to help them cope with any particular trade-related issue. In the countries visited during this evaluation very few activities, if any, had been implemented through these programmes and little information was available. The existence of these facilities is usually known but access to the resources is viewed as complicated; the case of the Trade.com and Proinvest programmes illustrates the case well as they are regarded as almost inaccessible to a country like Madagascar in view of the complexity of their procedures.
- Bilateral projects of one or several donors to strengthen capacities in similar areas: for instance in Madagascar the French co-operation and the Commission are both intervening with various projects to improve the fisheries sector and the veterinary services.

Overall these efforts involve some co-ordination, more to avoid duplication than to define a strategic approach.

J.9.3 The Commission and the MS co-ordinate to identify and implement TCB measures that help the partners negotiate to their greater advantage new trading arrangements.

There is an acknowledged shortage of appropriate and adequate capacity to negotiate international trade issues in the partner countries. The EU donors are active in this field, although relatively less so than other donors (see table 1).

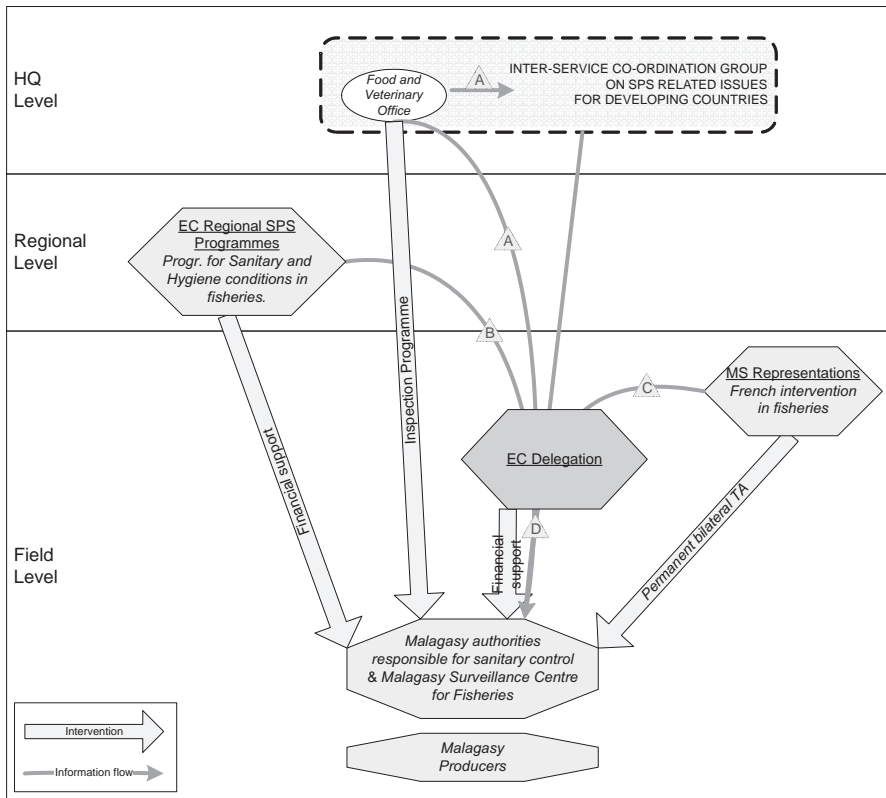
EU donors intervene through two channels: the first is indirect, *via* their participation in the WTO Trust Fund which organises seminars and training activities, or *via* financing the cost of attendance of the partner representative at a workshop organised by other institutions. The quality of the trainers, the training material and the selection of the subjects addressed in these seminars are generally regarded as of very high standard.

Co-ordination on SPS matters: The case of fisheries in Madagascar

The Commission intervenes in favour of the fisheries sector in Madagascar at the three levels:

- At field level, the Delegation manages financial support to the Malagasy Surveillance Centre for Fisheries and to the Malagasy authorities responsible for sanitary control.
- At regional level, Madagascar benefits from the Commission' regional SPS programme for Sanitary and Hygiene conditions in fisheries.
- The Food and Veterinary Office (FVO), which is part of the DG SANCO, develops inspection programmes in the country.

In the field, other donors support the Malagasy fisheries: for instance France provides permanent bilateral technical assistance to the Malagasy authorities responsible for sanitary control.



Source: field visit in Madagascar (July 2005)

(Continued on next page)

An inspection report on SPS measures in Malagasy fisheries was released by the FVO during the second quarter 2005: it led to the interruption of Malagasy export of fish products to Europe. This sanction characterises a failure in the channel of information/communication between all actors intervening for the sector (also see scheme above):

- A. Lack of communication of the FVO to the RELEX family on its requirements in terms of SPS standards (identifiable at the level of the Inter-service SPS Group in Brussels, and at the level of the EC Delegation in Madagascar).
- B. Lack of interaction between the EC Regional instances and the EC Delegation in Madagascar, resulting in missed complementarity between their respective interventions in favour of the sector.
- C. Due to the two weaknesses identified above, insufficient information from the EC Delegation to the French Representation in Madagascar on the FVO requirements and on the potential for sanctioning the fisheries sector (indeed, the interruption of Malagasy exports also affects the effort of the French Representation to build up a competitive sanitary control authority).
- D. Overall, insufficient communication in the field from EU representations (EC Delegation as a relay of the community instances at HQ and regional levels; French Representation) to Malagasy authorities on the possible break down of their exports to Europe due to the FVO inspection.

However, their impact on the negotiation capacities of the beneficiaries is generally viewed as limited because the selection of participants does not guarantee that the targeted audience consists in reality of the persons who will be involved in preparation of and participation in negotiations. The second channel consists of direct interventions in the form of bilateral projects in support of negotiation training. These remain limited but new programmes in preparation provide for increased emphasis and resources in this direction, in particular in the context of the preparation of the negotiations for the EPA.

Overall the main comments received about negotiation training activities is that they are generally too short and are tailored less to addressing the following two individual specific needs than to a rather unsatisfactory mixture of the two: (i°) to provide a synthesised and easy to understand introduction to a specific theme directed to informing officials about the benefits and implications of various international trade regulations and arrangements; (ii°) to provide, on a sufficiently long-term basis, on the job training to those who will be effectively in charge of preparing or defending negotiation positions.

Answer to Evaluation Question 9

There is a general awareness that EU internal policies and regulations have a major influence on the trade of ACP countries. However, there is an absence of information on these policies and on their consequences. Studies and seminars conducted under programmes defined at the wider level (IF, WTO seminars) do not focus on EU-specific rules and policies. Efforts by EU donors have mainly taken the form of studies on the impact of the EPA (generally viewed as insufficient in terms of quality and involvement of the partner) and information provided to operators through various types of PSD project (participants in PSD co-ordination groups emphasise that the need for information on EU-specific rules and policies, although important, is insufficiently addressed).

Diverse efforts have been made to develop TCB activities directed to addressing EU policy measures. They take the form of large Commission regional programmes focusing on helping countries comply with and adjust to SPS standards, or of bilateral interventions by one or several donors in the same country. So far these activities remain limited and do not seem to result from a co-ordinated donor view.

The lack of negotiation capacity in ACP countries is well recognized and addressed by EU donors, indirectly through their participation to the funding of WTO seminars and training activities *via* the Global Trust Fund, and directly through bilateral Commission and MS negotiation training projects. The impact of the WTO seminars on negotiation capacities is questioned although their quality is excellent, and EU bilateral effort in this respect has so far been limited but is being substantially increased in the new programmes.

4. Conclusions

The answers to the evaluation questions in the previous sections are based on the findings and conclude each specific question. The overall conclusions of the evaluation presented in this section are meant to formulate a synthesis of these answers and to draw the policy implications for the coordination process.

- A. Regarding the relevance and the characteristics of co-ordination among EU donors (as opposed to overall donor co-ordination) this evaluation observes that co-ordination mechanisms for TCB are generally satisfactory in terms of their design, but disappointing in terms of their effects. This is valid for the three levels of co-ordination considered: i.e. among the agencies and services of the same EU donor; between the Commission and the MS at headquarters level, and in-country between the Commission and MS. The main reason for this state of affairs is the absence of a preliminary consensus on co-ordinating beyond information sharing. (Conclusions 1 to 4).
- B. The systemic characteristics of TCB require that the programming, implementation, and co-ordination of TCB integrate the multiplicity of actors, sectors and institutions involved in the process. This is not always the case. (Conclusion 5).
- C. The findings suggest that the Integrated Framework, although it suffers from limitations, is currently the instrument with the highest potential for structuring an effective co-ordination among all donors involved in TCB. The last conclusion focuses on this IF process, and on its disappointing results with regard to its potential. (Conclusion 6)

These conclusions will be spelled out and developed in this chapter, while chapter 5 sets out the recommendations derived from them.

As indicated in the introduction this evaluation relates only to ACP countries, and therefore its conclusions and recommendations are derived from the analysis conducted in this context. Given the rather generic nature of the coordination processes it is likely that several conclusions and resulting recommendations apply to a broader context. For instance, conclusions and recommendations on the improved coordination for poverty reduction strategies would apply *mutatis mutandis* to national development strategies. Similarly, recommendations formulated with respect to the Joint Trade and Development Expert Group are of a general nature. However, the extension

of the conclusions and recommendations beyond the scope of the evaluation, although suggested in different audiences where the provisional results of this study were presented, is left to the judgement of the reader. Strictly speaking the scope of the analysis would not permit the evaluators to make such generalisation.

4.1 The relevance of the co-ordination among EU donors for TCB interventions

The relevance and the importance of co-ordination between EU donors (as opposed to overall donor co-ordination) differ according to the level: i.e. co-ordination between the agencies and services of the same EU donor (conclusion 1), co-ordination between the Commission and the MS at Headquarters level (conclusions 2 and 3), and in-country co-ordination between the Commission and MS (conclusion 4).

Conclusion 1

Internal co-ordination of Services dealing with trade-related issues in the MS and Commission administrations has been the object of increased efforts and has improved, but awareness of TCB issues and the capacity to address their complexity remain limited.

The complementarity and mutually supportive character of trade and development policies is not new and has been a major feature of all partnership agreements between the European Community and the ACP countries. It has, however, taken on a new dimension with the DDA, and the EU donors active in the provision of TCB have all devoted considerable efforts to improving their internal co-ordination mechanisms and in particular the level of understanding and communication between trade and development specialists. Examples in the Commission are the thematic task forces on trade-related topics, the IQSG for internal co-ordination of CSPs; and co-ordination of regional programming. The Taskforce on Trade and Development has launched a comprehensive training programme implemented since 2004¹. The Member States have conducted similar efforts and developed programmes involving co-operation between their trade and development departments: the French PRCC and the DFID Trade and Poverty Programme are examples.

This evaluation shows that these efforts remain insufficient:

- It emerged from many interviews that a prejudice remains among the “trade people” that “development people” do not understand the potential of trade for growth and development. Reciprocally, several development experts perceive that trade, although necessary, is not the first priority for addressing poverty reduction.

1 The programme is open to DG DEV, RELEX, TRADE and AIDCO and to the Delegations. Training sessions of ¾ days each have been attended so far by more than 170 Commission staff. The effort is to be pursued in 2006 with another 120 participants planned and the introduction of distance learning on TCB.

- Evidence persists of insufficient co-ordination on complex issues such as SPS. Even on the Commission side – despite a Thematic Review on SPS that helps structuring the dialogue between different DGs – triangular collaboration between the Relex family, DG Sanco and the Delegations remains imperfect as revealed by the recent inspection of fisheries.
- Evidence of insufficient co-ordination between the different sector or thematic sections in the Delegations or the MS representations: trade aspects of interventions administered by rural development units, for instance, are not known to, or taken part in by, the Services in charge of trade. This lack of internal intra-agency co-ordination is moreover mirrored in the co-ordination mechanisms set up between donors and partners as exemplified in Ethiopia by the absence of co-ordination between the Working Groups on PSD/T and Rural Development (and between their respective cluster groups).
- It is also a finding of this evaluation that newly developed procedures and funding methods can offer opportunities for improved internal and intra-EU (but also extra-EU) co-ordination of TCB. The adoption by the Commission of Contribution Agreements to fund regional institutions is such an instrument.

Based on: Section 312b, 312d, J.1.1, J.2.3, J.4.1, J.6.1-J.6.2, J.7.3-7.4.

Conclusion 2

Co-ordination efforts at HQ level (i.e. in Brussels, in the MS capitals and in the MS and Commission representations in Geneva) involve formal and informal mechanisms. They have brought about improved sharing of information on activities undertaken, exchanges of ideas and pooling of opinions and have facilitated introduction of the new MS into TCB issues. But their results have been limited or negligible in terms of transfer of information on planned activities, sharing of experience, development of common practices, distribution of responsibilities or preparation of procedures for EU participation in multilateral activities.

The co-ordination mechanisms established in Brussels are the 133 Committee and the Joint Trade and Development Experts Group. The first of these focuses on WTO-related matters including the various training activities undertaken by or through the WTO. The second functions as a forum for discussion of ideas and possible activities related to the role of trade in development. It has contributed to a common approach at Headquarters level, or at least to pooling of opinions, in terms of the content, objectives and management of multilateral activities. But it has not resulted in an allocation of activities based on the experience of individual MS or the Commission. Nor has there been any allocation of responsibilities, or even an agreement on appropriate positions as regards the EU's participation in multilateral activities such as the IF and JITAP.

Based on Section 3.1.2 a, EQ 1, EQ4, Annex 8, Annex 9.

The formal co-ordination mechanisms at Headquarters level have had little impact on the in-country activities of EU donors. Any such relationship exists through discussions in Brussels between MS and Commission on how their own activities might be made more effective, and then transmission to the in-country representatives. Establishment of guidelines, adoption of common best practices or simply sharing of experiences, although viewed as important by the participants, are not on the agenda. Again individual EU donors – at national, Commission and in-country levels – tend to believe that their programmes are more appropriate, better designed and more effective than those of other EU donors.

Based on EQ4, Annex 8, Annex 9, Country Report Madagascar.

Any analysis of co-ordination limited to formal mechanisms and their outputs is bound to lead to misleading and unduly negative conclusions: in practice most active co-ordination takes place at informal level. Without leading explicitly to common positions, these numerous discussions, exchanges of views and so forth are important channels for ideas in which “trend setters” gradually help develop consensus in new directions and strengthen efforts which are eventually reflected in official positions. Questionnaire findings point to the fact that participants in the Joint Trade and Development Experts Group feed information back to their own institutions but not to the 133 Committee; on the other hand, such information trickles down to the participants in the many informal groups preparing the formal 133 Committee and official WTO meetings.

It might be the case that the co-ordination objectives identified in the intervention logic are in fact better achieved through the informal mechanisms, or at least involve a complex relationship between semi-formal mechanisms that improve the information-sharing process (such as the Joint Trade & Development Experts Group), totally informal mechanisms that prepare decisions, and formal mechanisms where decisions are communicated and explained.

Based on J.1.1, J.1.2, Annex 9.

Conclusion 3

Decisions of most MS on how to address TCB remain primarily in line with priorities established in their own Headquarters. This results in diverging views between the Commission and several MS on the way co-ordination for TCB should be organised at Headquarters level.

Whereas there is a wide agreement on the overall emphasis (integration into world trade, regional integration), views differ on liberalisation (for instance between Netherlands and Spain on SPS measures in the fisheries sector, between the UK, the Commission and France on sugar liberalisation, and on the focus of interventions (e.g. growth *versus* poverty reduction).

Therefore the role of co-ordination at HQ level is viewed differently by the MS and the Commission:

- Most MS view co-ordination at HQ level more as an occasion to lobby for the adoption of Community policy positions that are as close as possible to their own on issues like SPS, trade liberalisation etc., and thus more oriented to policy coherence (although incoherence may also result from differences of view or policy between the MS).
- The MS active in TCB use the formal and informal co-ordination mechanisms to exert pressure on the Commission and each other to increase resources provided for TCB (for instance, lobbying in favour of the Aid for Trade initiative).
- The informal status of the Joint Expert Group on Trade and Development is perceived on the Commission side as an advantage (facilitating more in-depth debate without hierarchical constraints). However on the MS side, some argue that even when there is agreement on developing complementarities in the provision of TCB, the lack of formal written records limits the capacity of the Group to influence decisions and debates in formal mechanisms such as the 133 Committee.
- All MS, but particularly the new ones, value the transfer of information from the Commission that takes place through such mechanisms as the Joint Expert Group on Trade and Development.
- The Commission considers that intra-EU co-ordination mechanisms should (i°) increase the level of mutual information and (ii°) lead to the adoption of common approaches. In this regard it is particularly disappointed on two grounds: first, information sharing has been asymmetrical (flowing more from the Commission to the MS than the other way round) and almost non-existent on activities planned and in preparation; the Commission views this aspect as the most important dimension of intra-EU co-ordination whereas the MS want to keep a free hand for their own policies and therefore hesitate to communicate on activities that are not yet entirely decided upon for fear of losing autonomy; second, whereas the Commission would like to move towards agreed EU guidelines on the provision of different categories of TCB, the MS are reluctant and would prefer, if common guidelines are adopted, that they work at the wider (DAC) level.

Based on J1.1, J.4.1, EQ3, EQ5, J.4.2, J6.1, J6.2, Annex 9.

Conclusion 4

Most co-ordination takes place at in-country or regional level, both levels critical because of the necessary involvement of the partner. Specific co-ordination between the Commission and the MS at those levels is not necessarily relevant but may significantly influence or even lead all donor and partner co-ordination.

Individual partner countries generally lack a well articulated view on policy in the areas of TCB that both government and donors could use as a common framework for intervention and support. There is rarely a common approach or agreement on priorities except where these have been established through a road map with a clear goal, or through a diagnostic study identifying the tasks to be done. Generally the Commission and the MS are keen on maintaining their own priorities. Co-ordination mechanisms may be established – often trade interventions are linked to private sector development – but these mainly serve as fora for sharing information on each others’ activities, usually after those activities have been independently decided. These mechanisms may result in avoidance of duplication, even the filling of obvious gaps in the required interventions. But this is the exception rather than the rule. The mission to Ethiopia suggested that in-country, just as in Brussels, both the MS and the Delegations want to keep a free hand for their own policies and are reluctant to say what they are planning before the activities are finalised. Similarly there is no evidence that the in-country co-ordination mechanisms have led to the development of schedules for the implementation of TCB interventions, whether under the IF or other co-ordination mechanisms. Nor is there much suggestion that co-ordination in any given partner country has led to the pooling of “best practice” or a conscious effort to identify the gaps in TCB. *Based on Section 3.4, EQ5, EQ6, Annex 8, Annex 9, Country Report Madagascar*

Co-operation amongst donors, even in the countries where an IF is active, has not yet led to a common approach towards trade-related and TCB policies; each donor, including the EC and its MS, have kept to their own priorities and their interventions at best fit loosely within the DTIS or other framework (if there is one) established in the partner country. The major objective of attaining a common approach to TCB would be greatly advanced if the EU could speak with one voice. To this end, co-ordination between the Commission and the MS is essential so that, at HQ level at least, a coherent policy message on TCB can be elaborated and issued to all in-country representatives.

In-country co-ordination restricted to EU level is not a relevant approach. Indeed, considering the importance of non-EU players in the field of TCB, co-ordination between these agencies and the EU is essential in all areas, namely identification, programming and implementation of TCB interventions in-country. Because the EU, in terms of the MS and also to a large extent the Commission, is rarely among the most important players in TCB activities in most partner countries, the EU generally does not have the prominent role in TCB co-ordination in-country. The in-country co-ordination mechanisms typically include, and are often managed by, representatives from international agencies, often through their participation in the IF, and non-EU donors such as USAID. This is not surprising given that these agencies are typically involved in TCB while only the Commission and one or two MS are similarly involved.

In view of the fact that many trade capacity building issues can be suitably handled in the context of regional integration, the Commission has channelled most of its TCB interventions through its all ACP and regional programmes and provided strong technical support to the regional institutions to enable them to conduct proper identification, programming and monitoring of implementation of such activities. Evaluations of the Commission's regional cooperation with ACP regions have evidenced the relevance² and the achievements of such policy³. Apart from the Cross Border Initiative, which was developed as a multi-donor exercise, these evaluations conclude that donor coordination at regional level is very limited and that important benefits could result from its development.

Based on Section 3.4, EQ2, EQ5, EQ6, Annex 8, Annex 9, Country reports: Madagascar and Ethiopia

Even when a DTIS is available, donors – including the Commission and the MS – often prefer to rely on their own appraisal of the country's needs and prepare their programmes in isolation from other donors' ongoing or planned programmes. Alignment on a national TCB strategy would be the ideal solution but for this to happen, donor co-ordination must first aim to:

- raise the capacity of the partner to identify its needs and formulating its trade policy and TCB strategy;
- provide a comprehensive (complementarity) response (funds and TA) to these needs;
- provide an efficient response (avoiding duplication, using best practices);
- help the partner to manage and co-ordinate the implementation of the TCB strategy.

Based on J2.2, J6.1 and J6.2.

Overall – both at internal, headquarters or field level – a satisfactory design of co-ordination mechanisms for TCB is not self-sufficient for ensuring that the process will provide valuable results. When no preliminary consensus has been reached among donors (and with the partner) on co-ordinating with the aim of defining best practices, producing common guidelines, implementing common activities... co-ordination mechanisms generally limit to a basic level, i.e. information sharing.

2 Cf. "Evaluation of Trade-Related Assistance by the European Commission in Third Countries", 24th May 2004. "Evaluation of the Commission's Regional Strategy for the Caribbean", April 2005; Evaluation of the Cross-Border Initiative (CBI) regional economic integration programme in Southern and Eastern Africa, March 2000

3 For instance, the CE regional support to the development of the WAEMU has been determinant in the realisation of the Customs Union and the adoption of the Common External Tariff.

4.2 Conclusion regarding the specificity of TCB co-ordination

Conclusion 5

Building the trade capacity of a partner country or region requires a systemic approach to co-ordination as it addresses a multiplicity of interrelated policies and activities supporting the goals of the poverty reduction strategy and its mainstreaming in the national development plan.

The findings show that building trade capacity encompasses major dimensions that all have to be taken into account when designing co-ordination for TCB:

- **The policy dimension.** TCB covers trade policy and development policy aspects, both of donors and partners. This creates a risk of indistinct focus and unaligned priorities between the Community trade policy and the individual development policies of the MS. There is also a risk of conflict of interest between the trade policy recommended by the donor to the partner and the trade policy which is objectively the most advantageous for the development of the partner. These involve mainly issues of coherence between different EU policies, which is not the primary object of this evaluation⁴. However, it points to a need for strong co-ordination between EU donors to increase the coherence of their policies. It also emphasises the fact that the co-ordination required is not just instrumental but at the core of the policy dialogue between the donors and the partner.
- **The systemic dimension.** As developed in section 2.2 TCB relies on four main pillars or building blocks: trade policy, trade-supportive institutional and regulatory framework, capacity to negotiate profitable engagement in the MTS, and development of a trade-oriented competitive productive base. For trade capacity to be strengthened, actions need to be implemented simultaneously and in a balanced way in each of the four areas; indeed each area is an indispensable building block for TCB but none is sufficient if one of the others is missing. The fact that TCB has to be considered in the context of this complex system makes its provision a gigantic exercise that probably no donor or partner alone can handle adequately. The difficulty is compounded by the extreme complexity of many aspects of TCB: technical complexity of core TCB categories such as SPS, TBT, dispute settlements, and so on, and complexity of the links between trade and poverty reduction.
- **The institutional dimension.** Unlike other sector policies, trade responsibilities are scattered across a multiplicity of actors in the partner countries and between donors. Co-ordination within each party and between the parties is therefore essential but particularly difficult in the case of TCB because many of the actors are either institutionally weak or not used to handling international assistance, or both. On the

4 Another of the six 3Cs studies commissioned by the Group of Head of the EU Evaluation Services is devoted to the issue of coherence.

partner side in particular, the actors who are technically competent to deal with TCB are not usually in a position to take policy decisions, initiate co-ordination efforts, or take responsibility for entering into inter-ministerial discussions (even more if this should involve donors).

The specificity of TCB requires that such assistance makes sense only if it takes place within, and is at the core of, a comprehensive development and poverty reduction strategy of the partner. The response of the donors has been the development of large programmes integrating as far as possible the several dimensions mentioned above (as, for example, for a number of Commission programmes supporting regional integration, for the DFID Trade and Development Programme, for the French PRCC), or of programmes targeted on more specific interventions (the Commission's all ACP or regional programmes on SPS regulations, bilateral support programmes addressing particular needs). Whereas these programmes have served and continue to serve important purposes, their lack of focus on the development policies of the partner countries and the loose co-ordination between them has limited their contribution to comprehensive capacity building in the partner countries. The Integrated Framework, revisited in 2001 and currently the object of proposals for further expansion, is so far recognised by donors as the most practical instrument for channelling and co-ordinating TCB even if it suffers from acknowledged weaknesses.

Based on: sections 2.1, 2.2, 3.1, J.1.1, J.2.1, J.2.3, J.5.1, J.5.2, Annex 11

4.3 The Integrated Framework as main mechanism for all donor-partner co-ordination of TCB

Conclusion 6

The IF has a high potential for ensuring that donors and partners co-ordinate their TCB activities. However the IF has not succeeded in concretising this potential, mainly due to insufficient ownership of the process on the partner's side, and to lack of donors' commitment as a follow-up of the DTIS process.

The IF has a potential for ensuring an alignment TCB activities between donors and partners. The validity of the major IF principle, namely that of integrating the trade dimension and its wealth generating potential into poverty reduction strategies, is shared by donors and partner countries. In the countries where it is implemented, the IF is an instrument which undoubtedly contributes to increased knowledge of trade issues and to a more fluid dialogue on trade between LDCs, donors, and local trade-related agencies and stakeholders. It helps provide in-country awareness of the complementary reforms needed for trade integration and facilitate a dialogue on trade and growth across Ministries. The DTIS is always completed with a priority actions matrix

designed to serve as the reference point for co-ordinating the activities of the partner and donors.

However, both donors and partners involved in the IF recognise that the process has not been as successful as expected, maybe because expectations differ according to the point of view. Donor and partner generally share the view that the strength of the IF lies in the integration of the wealth generating potential of trade into poverty reduction strategies. Donors expect that the process will lead the partner to streamline trade into its domestic poverty reduction strategy and to improve the consistency of its approach to trade related issues. But ownership of the IF process by the partner government remains insufficient. This is largely due to a lack of technical capacity to participate in trade-related discussions, to insufficient priority being allocated to trade issues, and to a lack of institutional capacity to identify properly and co-ordinate the various Services and agencies that have trade-related responsibilities. On its side the partner expects that the IF will lead, once the DTIS is approved, to a flow of additional donor assistance. A major disappointment arises from the fact that frequently the validation of the priority actions matrix is not followed by a massive donor response in terms of funding the identified activities. In such circumstances the DTIS tends to be regarded as the main output of the IF whereas it should have been a starting point and the trigger for implementing strategic TCB interventions. Several reasons have contributed to this state of affairs:

- The DTIS is a very heavy exercise. It requires much effort by the partner administrations to participate in it and co-ordinate it. When the DTIS is completed and validated, it is necessary to do the “marketing” *vis-à-vis* the multiple domestic institutions and structures that need to be mobilised to identify and prepare the interventions needed to implement the priority actions, and finally to mobilise the donors. The very limited institutional and technical capacity of the partners is a major issue here. The co-ordinator is usually a relatively high-ranking civil servant of the Ministry of Trade who, however, seldom has direct access to the decision-makers while the Ministry of Trade itself is generally not a powerful player in the domestic political debate. These factors, together with the fragmentation of trade responsibilities and a widespread lack of understanding of trade issues, combine to limit the proactive role of the partner in driving forward the IF. If the donor’s response is not spontaneous there is limited chance that the partner will be able to voice its needs properly.

The IF central Secretariat in Geneva has extremely limited resources that do not permit it to have sufficient information of what happens at country level and even less to effectively monitor the design and implementation of the integrated frameworks at field level.

- In theory, the DTIS and priority actions matrix should lead to substantial bilateral assistance. To avoid a possible vacuum between the validation of the matrix and the effective start of implementation of donor supported interventions, Window II of the IF has been designed as a bridging fund limited to \$1 million per partner country. In

practice, Window II proved the main source of funding for the priority actions, but its resources are too limited for that purpose, and it was found difficult to use on account of its procedures.

- A major issue is that in effect the DTIS and Priority Action Matrix are not used as strategic instruments by the donors to identify and co-ordinate their TCB activities. This results from a double problem of synchronisation. (i) First, when the DTIS/matrix is validated the donors already have their own programmes and projects prepared and engaged. Many of these interventions can be connected in one way or another to the priorities of the DTIS, and donors do highlight these potential links, but this is not equivalent to strategic implementation of the matrix. Further, in most cases the DTIS dates back from three or four years. It is not regularly updated, and doesn't necessarily corresponds to the current trade situation of the partner, nor represents valuable reference to which donors can embed their TCB initiatives. (ii) Second and more important, synchronisation between the IF and the PRSP is extremely difficult. Generally the PRSP precedes the IF. Its monitoring is the focal point of donor-partner co-ordination, but since it generally does not include, or only includes to a very limited extent, trade-related indicators corresponding to those of the IF, the trade dimension is left largely outside the whole co-ordination process. Similarly, donors are increasingly supporting the PRSP with budget aid disbursed it on the basis of the evolution of indicators of results focused on macro-economic and social sector performances but seldom, if ever, on trade.

There is awareness of these problems in Geneva (IF Secretariat) and among the multi-lateral institutions. The Aid for Trade Initiative⁵ suggested by the IMF and the World Bank could provide an answer to the first two problems mentioned, both by strengthening and IF Secretariat in Geneva and by increasing substantially the funds available to implement the activities identified in the DTIS and priority action matrix. The third one, integration of the IF into the PRSP, requires major co-ordination of all parties

Finally, it is important to point to some features of the IF institutional setting that limit its potential use: (i°) it is accessible exclusively to the least developed countries, and (ii°) it applies only to countries, not to regions whereas many trade issues and substantial trade related capacity building interventions of large donors, notably the EU, are regional.

Based on J.5.1, J.7.1, EQ 8, Annex 8, Annex 9, Annex 11, Country Reports Ethiopia & Madagascar.

5 See annex 11.

5. Recommendations

In view of the conclusions of section 4 the evaluators consider that three groups of general recommendations emerge. They are in declining order of importance (from 1, most important, to 3, less important):

1. Recommendations aiming at improving the integration of TCB into the poverty reduction strategies; they are broken down into subgroups according to whether they address mainly the headquarter or the field level.
2. Recommendations aiming at strengthening the IF and generalising its use as the major coordination tool for TCB.
3. Recommendations aiming at improving the functioning of the JTDEG and its role as major coordination instrument for TCB at HQ level.

Achieving these priorities requires interventions of different actors. Therefore, operational recommendations are formulated to move towards the goals of the general recommendations. Each of them is linked to the supporting conclusions and identifies implementation responsibilities (IR). Three IR are identified:

- IR 1: actions that the Commission or each MS can take individually and could or should therefore be undertaken immediately.
- IR 2: actions that involve a joint effort by the Commission and the MS and therefore require prior discussion and agreement. Complete implementation of these recommendations can only take place in the medium term.
- IR 3: actions that can be achieved only through a combined effort of the EU donors and other donors and partners and therefore will require a longer period for full implementation.

5.1 Priority 1 recommendations: improve the integration of TCB into poverty reduction strategies

The general recommendation is that *“TCB should be systematically integrated into the partner’s poverty reduction strategy and should be treated as a priority multi-sectoral issue in any policy discussions on economic growth and poverty reduction and in any strategies that are elaborated on the basis of these discussions”*.

As has been argued in previous chapters and highlighted in conclusion 5 as one of the specific challenges of TCB co-ordination, TCB is a complex matter: it is potentially subject to conflicting policy interests, it requires simultaneous efforts in four interrelated and technically complex, and it spans sectors and institutional responsibilities. To face these three challenges for co-ordination, the widest forum or platform for discussion and co-ordination would be the most appropriate: ideally TCB should be a one of the principal components of the partner's country strategy for poverty reduction. In most ACPs, the PRSP has for some years now become the one and only policy or strategy document and is the platform for discussing economic development policies and strategies. TCB should rightly be at the heart of these discussions, on the same level as the other major multi-sectoral development issues such as the management of public finances, good governance issues or the development of the private sector. Integration of TCB into the PRSP or the national strategic planning documents would ensure that the various and complex aspects of trade issues are taken account of at all levels and by all sectors.

5.1.1 Headquarter level

Four operational recommendations, addressed to the headquarter level, are formulated with a view to moving in this direction.

R5.1.1 *The Commission and the MS need to spearhead efforts to increase awareness of TCB as a multi-sectoral issue in their own development and trade agencies.*

(Based on conclusions 1, 5)

The acceptance of TCB as a multi-sectoral issue of primary importance in all policy and strategy debate is almost a pre-requisite for the success of the previous recommendations and indispensable for achieving the objective of TCB becoming a principal component of PRSPs. As a first step in achieving this objective, the Commission and the MS will need to promote this idea in their own departments and agencies, consolidating and expanding the efforts already underway in many agencies as noted in conclusion 1. At a practical level, co-ordination at intra-agency level is paramount (see R5.4.3 below); it can usefully be accompanied by efforts at promoting culture change through seminars and training programmes organised for the sole purpose of highlighting the 'new' trans-sector approach to TCB that is being developed.

The training programmes and seminars would benefit from joint inputs by the Commission and MS and could be addressed or delivered to Commission and MS officials both at HQ and in-country (as is currently the case in some training programmes on budget support).

R5.1.1 – IR 1.

R5.1.2 *The Commission and the MS should systematically integrate TCB into their institution's guidelines whether for programming, monitoring or evaluation.*

(Based on conclusion 5)

An analysis of trade issues should be an integral part of any programming document, whether the regional assistance strategy, country assistance strategy or specific financing documents. In all cases the guidelines for elaboration of such documents should include references to and analysis of the IF (if there is one in that country) and analyse the impact of the proposed strategy on the trading position of the country. In the case of project or programme documents, the analysis of trade issues should focus on the impact of the proposed operations (in any sector) on the external trade position of the country, and vice versa investigate the implications of existing or proposed trade programmes on the proposed intervention. Whereas this integration of the trade dimension is important for all proposed interventions, it is absolutely crucial in any programmes of general budget support or private sector development (including interventions in productive sectors such as agriculture not necessarily focused on private sector support): the existing guidelines for this type of intervention should thus be - *revised as a matter of priority.*

R5.1.2 - IR 1.

R5.1.3 *Pursue the existing efforts already undertaken to address complex trade and development issues and disseminate the results of their work and conclusions more widely, including to other EU donors.*

(Based on conclusions 1 and 5)

This recommendation is supported by conclusion 1 and relates to the co-ordination internal to each EU donor between its own agencies and services.

Within the Commission and the MS administrations considerable efforts have increasingly been devoted to production of internal material to explain the main issues related to the programming and implementation of particular TCB categories and of trade-related assistance in general; evaluation of TCB interventions; and organisation of internal seminars and training sessions. The thematic studies undertaken by different internal TCB task forces within the Commission, the internal training programme managed by the Taskforce on Trade and Development, the discussion on evaluations conducted by the MS¹, the current development by the Commission of a database of evaluations conducted by the EU members, and other initiatives are commendable and should be pursued and intensified. They constitute a major step to improve the understanding of the contribution of TCB to poverty reduction. The Joint Trade and Development Expert Group and its website are an interesting platform being developed to allow for the sharing and exchange of such information (See priority 3 recommendations) The Group should systematically ask its members to diffuse their documents

1 See Annex 3 section 2.2.

and information resources through this channel, which should be accessible by the general public.

R5.1.3 – IR 1.

R5.1.4 *Increase co-ordination in the preparation of programming, monitoring or evaluation guidelines*

(Based on conclusion 5)

In order to achieve the common goal of raising awareness of TCB as a multi-sectoral issue, it is desirable that the Commission and MS co-ordinate their approach to establishing guidelines for programming, monitoring and evaluating their programmes and projects with possibly the ultimate goal of sharing common guidelines for drawing up programming documents and preparing monitoring and evaluation reports. This effort would be the logical continuation of the elaboration of the EU Guidelines as proposed under R5.3.4 but could go further and take the prescriptive form of a Strategy for implementing TCB enshrined in a Communication of the Commission to the Council, which would be prepared jointly by the appropriate personnel of the trade and development departments of both the Commission and MS agencies.

R5.1.4 – IR 2.

R5.1.5 *The Commission and the MS should increase their lobbying for the integration of TCB in the PRSP.*

(Based on conclusion 5)

This could be achieved by influencing the Bretton Woods Institutions, in which MS are board members, since the BWI lay down the requirements for PRSP preparation. Systematic addressing of TCB issues in the PRSP could become a requirement for PRSPs approval by the BWI.

At a second level, the same issue should be raised in partner countries, lobbying the partner's department in charge of PRSP co-ordination to encourage integration of TCB issues in the preparation, monitoring and evaluation of the PRSP.

The reaching of this objective will require time as generalisation of the idea that TCB is a multi-sectoral topic of primary importance in global poverty reduction and growth policy discussions will depend on culture changes requiring sustained effort in the medium term (see section 5.2).

R5.1.5 – IR 3.

5.1.2 Field level

Conclusion 4 relates to in-country and regional co-ordination and points to a general recommendation “*In each partner country where TCB interventions are undertaken, ensure that TCB issues are co-ordinated at the widest level (all donors and government) and that they are at the core of the donor-partner policy dialogue*”.

The extension of the donor-partner policy dialogue to encompass TCB issues is essential so that TCB becomes a major issue routinely addressed within the PRSP framework. Therefore, the importance of TCB as a stand-alone issue needing specific and co-ordinated attention should not be lost from sight. In this regard the complexity of TCB issues implies that specific co-ordination mechanisms should be set up and operated at the various levels required to cater for (a) meaningful policy dialogue on TCB issues and their interaction with global policy matters, (b) a co-ordinated approach to TCB issues, ideally around the DTIS or road map, and (c) practical co-ordination on technical TCB issues.

R5.1.6 *The Commission and MS should ensure that a co-ordination forum for TCB exists in-country and in the regions where significant TCB takes place.*

(Based on conclusions 3, 4 and 5)

If any TCB interventions are undertaken or envisaged by the EU, the EU should ascertain whether or not a TCB co-ordination mechanism exists in-country, if not, the EU should initiate its setting-up. Ideally the mechanism should involve all donors (not just EU) and the government and should either cover the three levels of policy discussion, strategy implementation and programming of interventions, and technical issues; or else three co-ordination fora should be initiated to fit local circumstances and particularly institutional responsibilities. For the practicalities of setting up these co-ordination mechanisms, Ethiopia offers an example (see the Ethiopia Country Report).

At regional level, where the Commission is often the main player, similar mechanisms should be developed around the regional institutions in order to coordinate regional TCB and its articulation with the coordination mechanisms set up in the member states of the region.

R5.1.6 – IR 1.

R5.1.7 *The Commission and MS should ensure that co-ordination mechanisms produce value added to the partner, other donors and themselves.*

(Based on conclusions 4 and 5)

Whether or not the EU has played an instrumental role in setting up or even running the TCB co-ordination mechanism, it should ensure that its benefits go beyond the simple sharing of information on each others' current activities, avoidance of duplication, and filling of gaps, and represent a real attempt at developing schedules for

implementing TCB interventions which respond to a commonly-accepted prioritisation of needs, and at the same time ensure that co-ordination leads to the pooling of “best practice”.

Of course there are costs associated with such a high level of co-ordination. Clearly there must be more meetings and that may create difficulties for partner country representatives. But it is important that co-ordination procedures do not imply a heavy-handed vetting procedure for determining whether the activities of donor agencies fit into the overall TCB co-ordination framework. If that were the case, useful interventions – and possibly even donors – might be lost, an eventuality which should be avoided since the particular skills of certain donors including their working experience with certain ministries in the partner government – which others might not possess – could lead to new insights on possible interventions that would be particularly useful in a given country. Co-ordination mechanisms do not necessarily lead to an optimal policy mix or the best exploitation of available resources. For example, if a donor has extensive expertise and experience in the reform of customs procedures, it might be valuable to use that experience even if the existing TCB intervention priorities would not otherwise justify it.

R5.1.7 – IR 1 and 2.

R5.1.8 *The Commission should propose setting up financial instruments for TCB Programmes such as contribution agreements open to MS and other donor participation.*

(Based on conclusion 4 and 5)

Further underlining the need for a co-ordinated approach to TCB between the various donors and the government, and beyond the ‘common’ financing available under Windows I and II of the IF, an additional step towards greater co-ordination could be made by adopting a common financing instrument for TCB interventions. For instance, the Contribution Agreements are now increasingly used by the Commission for funding regional organisations in a flexible manner (See section 3.1.2.b). They could be used more fully to open up to MS and possibly even other donors some form of basket funding managed by a government agency. It could also be achieved by increasing the budget support envelope of the Commission and MS and a concomitant introduction of TCB-related indicators into the variable tranches of the Commission’s and MSs’ budget support. If the Commission piloted this approach in countries where there already exists either basket funding of the budget or common frameworks for budget support, the result could also contribute to achieving the goal of spreading awareness of TCB as a multi-sectoral issue amongst MS and other agencies. It would also help streamlining of trade-related issues into the common policy dialogue between the donors and partner around the Poverty Reduction Strategy.

R5.1.8 – IR 3.

5.2 Priority 2 recommendations: Strengthen and generalise the IF and use it as a central coordination tool for TCB

The strong implication of conclusions 5 and 6 is that the Integrated Framework is conceptually the best instrument to address the complexity of TCB and to coordinate it. However, it suffers from several weaknesses that undermine its effectiveness. Therefore the general recommendation is that *“the Integrated Framework should be strengthened, more widely spread and, where it exists, be adhered to”*.

To move in this direction three practical recommendations are formulated.

R5.2.1 *At Headquarters level and in-country the MS and the Commission should individually and jointly make efforts to strengthen and improve the IF process and to increase its resources.*

(Based on conclusion 6)

As demonstrated in annex II, the country notes, the answers to Evaluation Question 3 and conclusion 6, the IF, albeit regarded as the major instrument for identifying TCB needs and organising the response to these needs, suffers from a number of deficiencies that have led to substantial disappointment, particularly because DTIS have in general not been followed by a concerted response by donors to fund the priorities identified. The major causes of these difficulties are: (i°) Window II of the IF, which should be a bridging fund to start activities while the donors adapt their programmes to cover the needs identified by the DTIS, proved in practice the main funding source and is insufficient; (ii°) the donors’ reluctance to abandon their own individual approaches and the difficulty they have in modifying their existing support programmes; (iii°) the problem of synchronising the IF and the PRSP, resulting in the absence of indicators from the DTIS and priority action matrix in the battery of PRSP indicators, making it difficult for the donors and the partner to pursue and support PRSP and IF activities simultaneously and consistently.

Efforts of the EU donors (and, of course others), individually and together, are therefore needed:

At HQ level:

- Mobilising co-ordination of EU donors to promote the IF and in particular to support the Aid for Trade Initiative and strengthening of the IF secretariat. The latter point has been highlighted in conclusion 1 and should be regarded as a pre-condition for additional funding because the limited capacity of the central Secretariat in Geneva limits its functioning and does not permit adequate monitoring of the IF under implementation.
- Increasing resources pledged to the IF enhanced Fund.

In country:

- To promote and accelerate convergence of the IF and PRSP processes. The case of Ethiopia can be regarded as a good example. The Commission, which is the IF facilitator, is also working actively to develop the Private Sector and Trade Development Working Group, and in particular to prepare for the revision of the PRSP and ensure both that the results of the DTIS can be translated into PRSP monitoring indicators and also that a roadmap to achieve the common objectives of the revised PRSP and IF can be drawn up and on which donors can articulate their support.
- To increase resources allocated to activities identified in the priority action matrices. The needs for TCB are extremely important and the resources of the IF insufficient, in particular under the current Window 2. It is therefore recommended that EU donor programmes devote more funds to TCB activities, in particular those identified in IF priority action matrices. At the same time the possibilities for redirecting the funding programmed for TCB activities towards the priority needs of the DTIS matrix and roadmap should be investigated wherever possible.
- In-country, the Commission and MS should as far as possible involve themselves in the IF co-ordination process and, where together they have a critical mass of TCB operations, attempt to designate one EU donor as the IF facilitator. Currently, as evidenced from annex II, the involvement of the EU donors in the facilitation of the IF seems low in view of the relative importance of their contribution to the IF process.

R5.2.1 – IR 1 and 2.

R5.2.2 *In country, use DTIS study to organise TCB assistance*

(Based on conclusion 6)

As a logical and operational complement to R5.1.1 that aims at treating TCB as a multi-sectoral issue which is always taken into account, the DTIS and the derived priority actions matrix should be the framework within which TCB interventions are articulated. For this to happen a number of practical points can be recommended:

- If individual diagnostic or needs assessment studies are planned by a MS or the Commission they should always start with a survey of the existing material, and if there is a DTIS then use that as a starting point. The Commission has already engaged into commendable efforts, which should be generalised, to increase awareness of its staff on the IF and use the diagnostics already prepared by the IF as a basis of its own Trade Needs Assessments.
- The Commission and the MS in developing their procedures should insist that two kinds of programming documents always refer to the DTIS if there is one: (i°) country and regional intervention strategies, so that TCB can be correctly situated within a wider developmental context and addressed; (ii°) programming documents for projects and programmes related to any category of TCB should refer to the DTIS to ensure that they meet priority needs and propose interventions in line with and co-ordinated with those of the priority action matrix.

- EU donors should work in-country to develop roadmaps along which the partner and all donors can organise and co-ordinate their activities. This point is complementary to recommendation 5.2.1.

R5.2.2 – IR 1 and 2.

R5.2.3 *In order to strengthen ownership of the IF by the partner the EU donors should use the co-ordination process to better assess and build up the capacity of the partner to participate in trade-related discussions and co-ordinate its own activities in this field.*

(Based on conclusion 6)

The weak technical capacity of partner countries in trade-related matters and in co-ordinating their own activities is a major stumbling block. Co-ordination of EU donors cannot alone solve the problem but may contribute to improving the situation by adopting certain courses of action:

- EU donors should agree that in countries where they have significant TCB one of them should conduct a Trade Institutional Assessment, on the model of the one developed under the DFID Trade and Poverty programme, and share its results with the Government and other donors.
- When conducting simultaneously public administration reform and an ambitious programme like the IF, the EU donors should co-ordinate among themselves and with other donors and the partner to ensure that the transitory reduction of capacity resulting from the reform of the administration does not excessively affect the IF process and that appropriate mitigating measures are adopted.

R5.2.3 – IR 2 and 3.

5.3 Priority 3 recommendations: Improve the functioning of the JTDEG and its role as central coordination tool for TCB

Conclusions 2 and 3 point to a deficit of coordination among EU donors who tend to align on their own priorities and have their own view on how to coordinate TCB. Considering that at HQ level the JTDEG is the main potential coordination instrument for TCB, a general recommendation is to improve its functioning and develop its role. In particular, it should contribute to increase the value added of EC-MS co-ordination in order to:

- (i) achieve a better allocation of resources on the basis of experience,
- (ii) exert greater influence on multilateral activities,
- (iii) increase resources directed to TCB”.

R5.3.1 *Develop the role of the Joint Trade and Development Experts Group so that it becomes the focal point for EU information sharing and co-ordination on multilateral initiatives on the interface between trade and development.*

(Based on conclusions 2 and 3)

It would be of great value if there were a single focal point first for the discussion and co-ordination of EU experiences, positions and policies on making trade an engine of growth and poverty reduction. All members should use this working group to explain their strategies, while taking on board the other countries' experiences. For example, this might entail successive meetings devoted to discussion of activities in a particular subset of, say, five or six countries. At present there is no formal mechanism for transmission of the discussions or conclusions of Working Group meetings, and diffusion of outcomes and transfer of information to the MS or throughout the relevant directorates is haphazard rather than systematised. Short reports of the activities of the Commission and MS in each country should be prepared for circulation among working group members in advance of meetings, and minutes should be taken and circulated to all members the working groups, to the 133 Committee and, in certain cases, to other Commission directorates (e.g. agriculture or health); this material should be posted on the Group website. In this way there can be valuable sharing of experience and development of common practices and, in time, allocation of responsibilities to EU aid agencies in particular countries on the basis of their experience and expertise.

Note that this recommendation is closely linked with R5.4.3 and R5.1.3.

R5.3.1 – IR 1.

R5.3.2 *Draw on the expertise of the Joint Trade and Development Experts Group in the preparation of the EU position in multilateral meetings of the Integrated Framework, JITAP, EPA negotiations and other fora and ad hoc bodies which operate at the interface between trade and development.*

(Based on conclusions 2 and 3)

There needs to be a formalised procedure – and assignment of responsibilities among the Commission and MS – for the preparation of a EU approach, wherever appropriate, to discussions in the IF, JITAP, EPA and DAC fora and any ad hoc multilateral or EU groups working on trade and development issues. To the extent that the 133 Committee participates in such meetings the working group should work closely with that committee and agree on its approach in WTO issues – for example the WTO training programmes for trade negotiators.

R5.3.2 – IR 1.

R5.3.3 *The Joint Trade and Development Experts Group should be systematically used to share information and experience on the IF.*

(Based on conclusions 2 and 3)

Information on the mechanisms and operations of the IF, and on the main IF topics discussed in the Geneva institutions, should be provided on a regular basis to the T&D Expert group by the EU members participating in the IF Working and Steering Groups. Such information would serve to raise the level of awareness of the members of the group, and in particular those from the new accessing countries, about the activities and functioning of the IF.

The Joint Trade and Development Experts Group should be entrusted with the formal duty of collecting and disseminating information about EU participation in the IF. This would cover:

- information on the current financial contribution of the EU members to the IF Fund and on the intentions of EU members regarding their future contribution to this Fund.
- information by the EU members about their participation in IF activities in the field. The restricted website of the Group could be used for that purpose.

The Group should regularly invite Commission or MS staff involved in IF country operations to report to the group on their experience and the lessons to be drawn.

R5.3.3 – IR 1 and 2.

R5.3.4 *Make progress towards the production of common technical guidelines on TCB and other forms of TCB.*

(Based on conclusions 2 and 3)

The Commission has produced Guidelines giving practical advice on the implementation of TCB activities². So far there has been little response from the MS to the Commission proposal to discuss these Guidelines in the Joint Trade and Development Experts Group. This evaluation recommends that such discussion should take place, along with discussion of similar Guidelines on the same topics that might be produced by the Member States or even by other agencies (for instance, the OECD DAC). Such discussions should aim at two outcomes:

- in the first instance, improving the Commission Guidelines by enriching them with the experience and lessons from the best practices of other MS;
- in a longer perspective, replace them with a new EU handbook agreed by and drawing on the experiences and expertise of the MS. It is important that the drafting of this manual draws fully on the TCB experience of the Commission and MS.

R5.3.4 – IR 1 and 2.

² See under 2.2 of annex 3.

R5.3.5 *Take responsibility for the regular and frequent updating by the MS of the DAC database (the TCBDDB).*

(Based on Section 2.3 and Annex 6)

The Doha Development Agenda Trust Fund pays for the TCBDDB which is managed by the OECD DAC. It includes data on commitments registered in the Doha Ministerial Declaration, and their implementation, and aims to enhance the effectiveness of TCB interventions through sharing of information leading to greater co-ordination and coherence. Unfortunately the TCBDDB is far from comprehensive, owing to the failure of a number of donors, including a number of MS, to keep it up to date with their various programmes. It is also insufficiently precise due to the number of activities recorded as unspecified, both on the MS and on the Commission side. The working group should impress upon the participants the importance of full utilisation of this potentially valuable resource, and should monitor it.

A similar effort should be made with the database of evaluations (see Recommendation 5.I.3) currently being developed by the Group of Heads of Evaluation Services of the EU; its coverage is not limited to TCB but since it uses the DAC codes it is potentially an interesting source of information on a large variety of evaluated TCB projects and programmes of the Commission and the MS.

R5.3.5 – Priority 3; IR 1.

5.4 Other recommendations

R5.4.1 *In the Delegations and MS country or regional Representations, re-organise responsibilities to facilitate more systematic exchanges of views, information and experience in both directions.*

(Based on conclusion 1)

In the Delegations and MS Representations responsibility for trade-related activities seldom falls under a single person or section. A traditional division of responsibilities consists of one person in charge of following the economy and trade in general along with sector sections corresponding to the main entry points for the programming of assistance: transport, rural development, education, private sector development, and so on. Nearly all these sections have activities that in one way or another may have TCB implications or a specific TCB component. This is obvious in the case of private sector development but could be equally important in the agricultural or rural development sectors where there may be an SPS component. The separation of these activities within the donor representations is often accompanied by an absence or low degree of communication and transmission of information between each other, and this is reflected in the donor-partner co-ordination groups that usually copy these structures.

It is therefore recommended that among Delegations and MS representations there is a recurrent exchange of views and information to take stock and maintain awareness of

the implications of different TCB activities so that internal co-ordination is improved.

R5.4.1 – Priority 3; IR 1.

R5.4.2 In every trade agency, department or service a person or group should keep development issues in view, and similarly in every development agency, department or service a person or a group should keep trade issues in view, and these persons or groups should liaise with each other.

(Based on conclusion 1)

This recommendation is meant to address the lack of awareness and understanding of trade issues by development people and vice versa. Structuring this approach could build upon the experience of the Commission at HQ level: in DG TRADE a unit has been set up that deals with multilateral and development issues. Similarly in AIDCO a unit deals with trade issues. DGs DEV and RELEX also have a liaison person for trade issues.

A complementary recommendation is that within each MS and the Commission the identified persons or groups should be registered on the website of the Joint Trade and Development Expert Group, which could serve as a source of information and a discussion forum for them. Since it is evident that not all of them could attend the meetings of the Joint Trade and Development Experts Group it is recommended that participants in the meetings of the Group systematically organise feedback to these persons or groups in their respective administrations.

R5.4.2 – Priority 3; IR 1.

Joint Evaluation of Co-ordination of Trade Capacity Building in Partner Countries

This study examines the extent to which the European Commission and the Member States have achieved effective co-ordination and complementarity in the area of Trade Capacity Building initiatives. The evaluation focuses on Africa, Caribbean and Pacific (ACP) countries and on the Doha agenda period from 2001 to the present.

The overall conclusion is that Trade Capacity Building should be systematically integrated into the Partner's poverty reduction strategy and should be treated as a multi-sectoral issue in any policy discussions on economic growth and poverty reduction as well as in any strategies elaborated on the basis of these discussions.

This systemic character of Trade Capacity Building should be taken as a point of departure for EU co-ordination in this area to be effective. Such co-ordination should address the full range of policies, sectors and stakeholders that are involved in TCB initiatives' successful contribution to the developing countries' gradual integration into the world economy.

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