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Studies

Monitoring Economic Partnership Agreements

Inputs to the negotiations and beyond

Michael Brüntrup
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Franziska Jerosch
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Monitoring
Economic Partnership Agreements

Bonn 2008

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Abbreviations

AB	Afrobarometer
ACP	African, Caribbean and Pacific
AfT	Aid for Trade
APRODEV	Association of World Council of Churches Related Development Organisations in Europe
AIDCO	Europe Aid – Amt für Zusammenarbeit
BMZ	German Federal Ministry for Economic Cooperation and Development
BTFES	Business Trade Forum EU Southern Africa
BTI	Bertelsmann Transformation Index
CARIFORUM	Caribbean Forum (Caribbean ACP states)
CCA	Causal Chain Analysis
CEC	Commission for Environmental Cooperation
CGE	Computable general equilibrium
COMESA	Common Market for Eastern and Southern Africa
COMTRADE	United Nations Commodity Trade Statistics Database
CPA	Cotonou Partnership Agreement
CPU	Central Planning Unit
CPPMU	Central Planning & Project Monitoring Units
CTI	Confederation of Tanzanian Industries
CUTS	Consumer Unity and Trust Society
CUTS NRC	CUTS National Research Council
CSO	Civil Society Organisation
DAC	Development Assistance Committee
DG	Directorate General
DIE	German Development Institute
EABC	East African Business Council

EAC	East African Community
EBA	Euro Banking Association
EC	European Commission
ECDPM	European Centre for Development Policy Management
EDF	European Development Fund
EPA	Economic Partnership Agreement
ERS	Economic Recovery Strategy for Wealth and Employment Creation
ESA	East and Southern Africa
ESI	Environmental Sustainability Index
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FES	Friedrich Ebert Stiftung
GAERC	General Affairs and External Relations Council
GDP	Gross Domestic Product
GPRS	Ghana Poverty Reduction Strategy
HDR	Human Development Report
ICTSD	International Centre for Trade and Sustainable Development
IMF	International Monetary Fund
JPA	Joint Parliamentary Assembly
LDC	Least-developed country
M&E	Monitoring and evaluation
MAPP	Method for Impact Assessment of Projects and Programs
MDG	Millennium Development Goals
MED	Monitoring and Evaluation Directorate

MPI	Monitoring Policy Impacts
MPND	Ministry of Planning and National Development
MSC	Most Significant Change technique
NAAEC	North American Agreement for Environmental Cooperation
NAFTA	North America Free Trade Area
NDTPF	National Development and Trade Policy Fora
NGOs	Non-governmental organisations
NIMES	National Integrated Monitoring & Evaluation System
NSA	Non-state actor
NTBs	Non-Tariff Barriers
OECD	Organisation for Economic Co-operation and Development
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
REC	Regional Environmental Center
RI	Regional integration
RPTF	Regional Preparatory Task Force
SADC	Southern African Development Community
SAP	Structural Adjustment Programme
SAPRI	Structural Adjustment Programme Review Initiative
SIA	Sustainability Impact Assessment
SME	Small and medium-sized enterprises
SPS	Sanitary and phytosanitary measures
TDCA	Trade and Development Cooperation Agreement
TI	Transparency International
UNCTAD	United Nations Conference on Trade and Development

UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organization
WB	World Bank
WTO	World Trade Organization

Executive Summary

With the contours and implications of the Economic Partnership Agreements (EPAs) between the European Union (EU)[1] and the African, Caribbean and Pacific (ACP) countries becoming visible and real, the focus in the debate is shifting from the negotiation of the agreements to the challenges of their potential implementation from 2008 onwards. This study aims to contribute to this ongoing debate, in which the need to closely monitor the agreements is more and more emphasized, by making concrete recommendations on how different options for monitoring EPAs could be integrated into their legal text and realized in practice.[2]

These recommendations are informed by an in-depth exploration of four key dimensions (Figure 1).

1. EPA monitoring in short

There is an increased awareness of and openness to the importance of monitoring the implementation and impact of EPAs, but so far few have reflected on the possible structures and details of a monitoring mechanism. Some questions will have to be addressed after the signing of an EPA, while others should better be clarified beforehand and possibly be included into the legally binding agreement to ensure the establishment of a credible and effective monitoring system.

Why monitor?

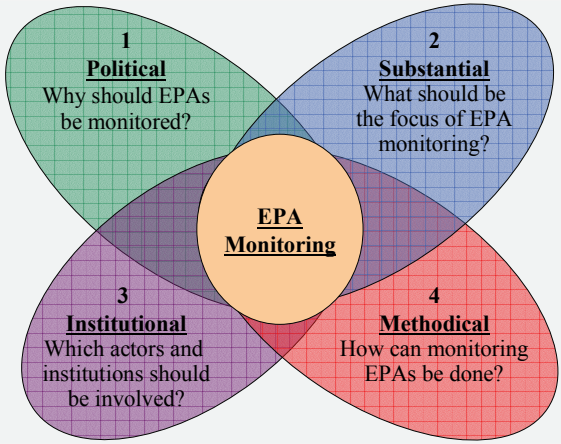
Different parties involved in EPA negotiations are putting increasing emphasis on the importance of having a mechanism to monitor EPA implementation and impacts. The main motivation is to ensure that the development dimension of EPAs is adequately addressed. More concretely, the objective of EPA monitoring is to assess compliance of the commitments

1 The term European Union is here used in the broad sense, irrespective of competencies, and is meant to refer to the European Community and/or its Member States, within their respective competence as derived from the Treaty establishing the European Community.

2 For recent calls for comprehensive EPA-monitoring, refer to the conclusions on EPAs of the General Affairs and External Relations Council (GAERC) of 15 May 2007 (Council of the European Union 2007), as well as the Sustainability Impact Assessment (SIA) on EPAs, conducted by Price Waterhouse Coopers for the European Commission (PwC 2007).

made as well as outcomes and impacts of their implementation. EPA monitoring should further aim at ensuring that parties have the capacity to implement EPAs and take advantage of the new partnership agreements. Such monitoring and evaluation can then feed into the EPA-related national, regional and ACP-EU policy making processes (including development assistance provided by the EU), and could trigger adjustment and remedial measures.

Figure 1: Key dimensions of EPA monitoring



Source: own design

What to monitor?

The content of a monitoring exercise will be largely dependant on the actual EPA legal text and on the underlying economic settings (assets, production, consumption and trade structures and sensitivities as well as national and regional capacities) and will therefore differ between different regions and countries. Moreover, stakeholders involved in the exercise will have different focuses and expectations regarding the content and main priorities of a monitoring exercise. In any case monitoring can encompass:

– *The capacity to implement EPAs*: In order to ensure that EPAs can be implemented properly, the parties have to monitor the degree of capacity of different stakeholders to comply with EPA provisions, benefit from them and put in place the relevant accompanying measures. This would also help to identify capacity building needs.

– *The implementation of EPA provisions (including on development cooperation):* For compliance purposes and to reassure that monitored results are in fact a result of EPAs, the parties will have to monitor the implementation of EPA provisions. This should include EPA-accompanying development cooperation measures such as capacity building.

– *Results of EPAs:* Monitoring the results (outputs, outcomes and impacts) of EPAs should aim at triggering policy adjustments, appropriate accompanying measures, EPA in-built adjustment measures such as safeguards, and possibly the revision of some provisions of the agreement, where relevant.

– *The enabling environment:* EPAs will not happen in a vacuum and thus have to be seen in the broader environment, which ideally should be enabling but can also be adverse and override EPA influences. To ensure that EPAs will deliver on their objectives, accompanying domestic measures will have to be adopted. In order to capture which (monitored or otherwise stated) changes are in fact related to EPAs and which are related to other factors, which is fundamental for choosing the appropriate accompanying measures, at least some framework conditions will have to be monitored, too.

The object of the actual monitoring system will most probably be a mix of these different areas, which are interlinked. Due to the potentially very broad range of monitoring areas, prioritization or sequencing will be necessary, which should reflect the key objectives of each EPA as well as the different ACP national or regional contexts and priorities. The broader the scope of the monitoring exercise, the stronger the need to establish synergies with other (existing) policy monitoring mechanisms at national and regional levels. Besides avoiding duplication and unnecessary demands on ACP national or regional administrations and relevant non-state actors

(NSA[3]), this will also increase the consistency and efficiency of monitoring while reducing costs.

In this study EPA monitoring is thus defined as follows:

> EPA monitoring is the systematic collection of data through different approaches that make it possible
>
> a) to check the compliance of the signatories with the agreement;
>
> b) to follow the implementation of the policies and measures convened within EPAs or accompanying them;
>
> c) to provide plausible indications of the results that EPAs produce. This includes tracking whether the EPAs have the positive impact in terms of trade and development set out in the agreements and the Cotonou Partnership Agreement, and particularly tracking undesired effects and impacts and signalling them to EU and ACP decision-makers as well as indications on underlying reasons for these effects in order to assist in informing results-based adjustments.

How to monitor?

A review of the different methodologies used for policy monitoring and impact assessment indicates that 'result chain analysis' appears to offer the most appropriate approach for monitoring EPAs. For the purpose of monitoring, according to the capacities available and targets of the monitoring, result chains can be developed for different sectors, development dimensions or domains. These result chains start with the EPA-induced policy changes and the accompanying measures that would be necessary in the sector. Using this basis, induced effects towards the development goals of EPAs can be constructed, both direct and indirect, positive and negative and for different stakeholders. Indicators then have to be identified for the crucial steps in these results chains to measure progress towards goals. These indicators may be quantitative or qualitative, and may be measured with different methodologies. Special provisions have to be made to capture unexpected results, particularly negative ones, for instance a complaint mechanism.

3 Non-state actors in EU terminology particularly encompass private sector and civil society; see footnote 27.

The exact choice of methodologies used may differ from one region or country to another, and different areas to be monitored will require different methods to identify impact paths, indicators and approaches to collecting evidence. Moreover, the final decision on methodologies used will also depend on the availability of data and analytical capacities in each country and region. In many countries a major task of the monitoring exercise will consist in collecting and generating data which are not yet readily available. The quality of the data collected will also have to be checked. Collecting reliable data is essential for any assessment to be sound, reliable and suitable as an acceptable basis for further (participatory) decision-making.

One particular challenge will be to make monitoring comparable across countries and, even more difficult, EPA regions. A major task of regional bodies will be to ensure regional coherence of the country approaches, to create awareness of and debate over EPA results, to trigger in-built corrective measures such as safeguards and to programme with the EU and development partners regional adjustments and accompanying measures.

2. Stakeholders and key principles of a monitoring mechanism

EPAs are very complex agreements which are concluded between the European Union, a supranational entity, and its member states on the one hand and the regional ACP groupings with their respective member states on the other hand.[4] The implementation of EPAs will thus affect a great number of different stakeholders in the EU and ACP countries operating at different levels. These stakeholders include continental (in the case of Africa, where there is a commitment to harmonise EPAs across the regional groups), regional and national, governmental and non-governmental organisations, commercial private enterprises and their interest groups, farmers and their organisations, other non-profit organisations, as well as the population at large.

These stakeholders have different economic and political interests, which are reflected in different views on the ideal institutional features and monitoring mechanisms for EPAs. Moreover, this variety of stakeholders and

4 Some ACP regional entities like ECOWAS, further, do have a legal status and will thus be signatory partners of the agreement.

interests means that the information produced by an EPA-monitoring mechanism is a highly political commodity which will be used to defend these interests and this influence and draw benefits from the EPAs. It is important to carefully reflect on the design of an EPA-monitoring mechanism, in order to mitigate bias towards one or the other group of stakeholders.

For the same purpose, it appears important to involve a broad variety of stakeholders in the process of reflection on institutional modalities for EPA monitoring and later in the process of monitoring itself. This can help to generate acceptance for a more evidence-based approach to policy making in the field of trade and related development cooperation, a broad ownership of the monitoring mechanism. To ensure credibility, accountability and ownership, the monitoring exercise should involve not only government officials but also parliamentarians, representatives from the private sector and civil society. Moreover, specific efforts will be needed to ensure that representatives of vulnerable and marginalised groups take part in the monitoring exercise and can make use of the information generated.

Monitoring should take place both at regional and national level. The task division between both levels can follow the principle of subsidiarity, i.e. the regional level would only perform those monitoring tasks that cannot be effectively exercised at the national level. Given the limited capacities for monitoring trade and development in many ACP countries, and even more so within regional organisations, setting up an EPA-monitoring mechanism will require capacity building at both levels. These investments seem to be justified by the importance of EPAs and the potentially crucial role monitoring can play to improve the coherence and effectiveness of trade and development policies.

However, as mentioned above, EPA monitoring should avoid duplicating efforts and functions of existing institutions. It should be linked to other relevant monitoring mechanisms where possible (e.g. those designed in the context of Poverty Reduction Strategy Papers – PRSPs - and aid for trade monitoring), and to existing joint ACP-EU institutions when appropriate. At the same time, a complex and heavy institutional design should be avoided, as experience shows that this tends to be an obstacle to timely production of information and a smooth functioning of monitoring mechanisms.

3. Key issues and way forward for monitoring EPAs

In order to make the monitoring mechanism useful and operational, it is important to establish some key guidelines as part of the EPA provisions. The first task is thus to identify those features that should be covered by the legal text. After an agreement is signed some steps will be necessary to develop a workable and effective monitoring of EPA implementation and impacts. Drawing on key messages of this study, and without trying to identify the precise mechanism and substance of EPA monitoring (that most likely will vary from region to region and country to country depending on the different contexts and priorities), some options for provisions to be included in the EPA texts, as well as recommendations on the process to make it operational, are summarised in the following sections.

3.1 What to include in the legal EPA text?

It is likely that EPA monitoring that is not thoroughly embedded in the EPA legal texts, as regards the function, the scope, the participation and the use of the monitoring results, will be of little relevance for accompanying EPAs in the future. For the establishment of an effective and workable monitoring mechanism it is therefore important that the design and process of monitoring be carefully thought out. Yet, to be of use, a monitoring mechanism must remain flexible and adaptable to unforeseen and evolving circumstances.

In determining the appropriate provisions on monitoring in an EPA text, the key considerations should be to provide for the conditions needed for the establishments of a credible, transparent, workable and effective monitoring mechanism. These could include clusters of provisions that are summarised in the following table:

Clusters of provisions	Summary of options for including monitoring in legal text of the agreements
i. Principles	Include the commitments of the EU and ACP to monitor implementation and results in line with agreed principles. Key principles for monitoring can be committed to with reference to the Cotonou Agreement.

ii. Key functions	Specifying the main functions of monitoring in the EPA text will clarify the main purpose of monitoring as well as how the resulting information will feed into envisaged review, adjustment and support arrangements.
iii. Scope	Specifying the content of monitoring (implementation, capacities, impact, framework conditions) will prevent such decisions from being left to the discretion of one of the partners.
iv. Use of results	Defining the 'response' dimension of monitoring in a legally binding manner would contribute to the effectiveness and credibility of the monitoring process and the EPA itself. The results may help to design trade-related assistance or safeguards, feed into periodic formal EPA reviews, contribute to the identification of appropriate remedial measures and can be used to increase public awareness and transparency, e.g. by spelling out a 'public disclosure policy'.
v. Institutional setting	The EPA can specify the roles and responsibilities of different institutions and actors involved in the national, regional and joint ACP-EU monitoring bodies according to the principles, the functions, the scope, the capacities and the sensitivities of stakeholders. This includes options for "outsourcing" monitoring tasks to independent parties.
vi. Cooperation and development assistance	The EPA could also include provisions which specify the European Union's support to the operation of the EPA monitoring (such as the setting up and operationalization of the monitoring mechanism, the collection and analysis of data, and the participation of different actors).
vii. Approaches and procedures	Defining the basic methodological and procedural framework for the monitoring process could help to ensure the establishment and integration of the monitoring process. The EPA text could additionally include some broad principles for an envisaged periodic review process by specifying the key development objectives or targets against which the agreement's outcomes will be assessed as well as how the monitoring information will be used in this process.

The following gives an overview of what could be included in an EPA legal text. The list is neither exhaustive nor to be seen as an 'either-or' choice but tries to structure the different elements that could be agreed on in an EPA legal text. In discussing such different elements (e.g. principles, key functions of monitoring, etc.), a choice will have to be made firstly on whether or not to include (clusters of) provisions for each specific element and secondly in how much detail those provisions should regulate the respective area. In this context, it has to be kept in mind that the benefit of greater concreteness always has to be balanced against flexibility.

i. Principles of monitoring

Basic objective

In order to follow up EPA implementation and ensure that it generates positive results, monitoring will be essential. To ensure that such a monitoring mechanism becomes fully operational and effective, it may be useful to contractualise the commitment of both parties to monitor implementation and results of EPAs on the basis of agreed principles.

Options

i. Contractualising the principles of monitoring can be done in different ways and in different parts of the agreement.

ii. The introduction/preamble of the agreement could refer to the need to regularly monitor implementation and results of the agreement.

ii. A monitoring chapter in the agreement could contain detailed provisions on the design, institutions and functions of monitoring. Relevant chapters could explicitly refer to the need for monitoring.

Principles would indicate the fundamental features of the monitoring exercise (e.g. ownership, transparency, mutual accountability, participation) and could either be newly established or refer to those agreed in the broader ACP-EU cooperation framework (as embodied in the CPA).

ii. Key functions of monitoring

Basic objectives

In order to prevent monitoring from becoming an end in itself, it is necessary to reach an agreement on the purposes and related functions of an

EPA-monitoring mechanism. Specifying the main functions of monitoring in the legal EPA text would enhance the credibility of the monitoring exercise. It should notably clarify the main purposes of monitoring (e.g. raise awareness and spread information, facilitate participatory opinion making on results, watch compliance, trigger safeguards, guide accompanying measures, etc.) and specify how the parties will use the results of the monitoring exercise, feeding them into policy making processes.

Options

A provision on key functions of monitoring could be rather vague and include only general functions of monitoring (like control, learning and accountability) or its broad overall objectives (such as facilitating implementation of EPA and related further policy changes in a manner that fosters sustainable development of ACP countries).

Alternatively, it could be more specific, defining the concrete functions of monitoring the implementation of an EPA as well as the implications of EPA monitoring for the EPA policy cycle, from identification of problems (gathering of information) to assessment of changes required (information analysis) and to policy changes (decision-making by the parties).

iii. Scope of monitoring

Basic objectives

Parties may agree to define the scope of monitoring in the EPA legal text. This will serve the aim of better defining what should be monitored and not leaving it to the interpretation or discretion of one of the parties.

Options

i. The text could explicitly mention that compliance with and impacts of EPAs will be monitored, as well as the capacity development needs of the involved stakeholders and the framework conditions in which EPAs will take place.

ii. Another option would be to have a formal monitoring process contractualised in the agreement while parts of monitoring would be 'outsourced' to independent institutions (e.g. compliance by government, impact on certain sectors by independent institutions). This may imply that only those areas are mentioned in the

legal texts that are monitored by official EPA-monitoring bodies. Monitoring areas to be contractualised in an EPA can include:

- The capacity to implement EPAs (i.e. capacity to comply with EPA commitments);
- The implementation of EPA provisions (including on development cooperation);
- Results (outputs, outcomes and impacts) of EPAs;
- The enabling environment.

iii. In addition to areas broadly defined as above, parties could agree to include in the text provisions on what to monitor exactly, in terms of implementation and results, either under certain chapters of the agreement (e.g. trade rules) or under a specific monitoring chapter, which could potentially outline the key areas to be monitored.

iv. Use of results

Basic objectives

The primary aim of monitoring is to ensure that the results feed back into the design and implementation of the agreement or accompanying measures. Defining the 'response' dimension of monitoring – e.g. the way monitoring results are used and trigger adjustments, safeguards or accompanying measures - in a legally binding manner would contribute to increasing the effectiveness and credibility of the monitoring process, and hence of the EPA. It could also alleviate fears that possible negative effects of an EPA (in terms of non-compliance or development impact, for instance) would not be addressed by the parties, and it would further contribute to policy coherence

Options

The response dimension can be defined either in the monitoring chapter itself or in the respective chapters (safeguard measures, accompanying measures, etc.), which could refer to results of monitoring activities. Monitoring could specifically shape the format and trigger the application of built-in flexibilities such as safeguards or trade-related assistance. In addition, the outcome of monitoring could feed into the periodic formal reviews and evaluation of the EPA.

The monitoring results could also be used for transparency and public awareness purposes, for example by forwarding the reports to national parliaments and other interested stakeholders.

v. Basic institutional setting for monitoring

Basic objectives

The aim is to identify the institutional framework for the political oversight of the monitoring exercise and the use of its results, and possibly for the conduct of and consultation process for the EPA monitoring. The EPA text could specify the respective roles and responsibilities of the different institutions and stakeholders involved in the national, regional and joint ACP-EU in monitoring bodies.

Options

i. One option would be for a Joint EPA Council and its subcommittees (established for each region) to be given all the EPA implementation functions, including monitoring.
   - The EC has initially proposed to establish for each regional EPA a Joint EPA Council at ministerial level, with different sub committees, namely a Trade Committee (called 'Implementation Committee'), a Development Committee, a Parliamentary Committee and a non-state actors Committee (called 'Consultative Committee').
   - The EU Council has proposed not to distinguish between trade and development and to establish a Joint Implementation Committee responsible for both (including monitoring).

ii. A Joint EPA Council or Implementation Committee could instruct the regional/national authorities to identify (or establish, if new) appropriate monitoring institutions, give them the directions to take for operational monitoring and then jointly consider follow-up on the monitoring reports. The regional bodies could be responsible for harmonising national monitoring.

iii. Another option would be to simply refer to the need for regional coordination, but without defining new or responsible institutions.

iv. The national-level framework could be defined in the agreement, with national monitoring bodies (e.g. part of the government, NSA, or parliaments) to present their results to the regional body and the joint EPA Council and affiliated institutions. In this case, the roles of the different national-level institutions/actors involved in monitoring bodies (or task forces) could be specified.

v. The EPA text could further contractualise the role, if any, of existing ACP-EU joint institutions established by the CPA (such as the Joint Ministerial Trade Committee or the Joint Parliamentary Assembly, JPA) and other institutions with important mandates on the future of the ACP and Europe (such as the African Union or the European Parliament).

vi. Some stakeholders have proposed the creation of a regional entity or an observatory body in charge of the monitoring of the EPA (and possibly regional integration).

vii. Other stakeholders have proposed specific types of institutions designed to capture the interests of a specific set of actors (e.g. civil society, private sector), with more or less formal roles in the implementation and monitoring of the agreement.

vi. Cooperation and development assistance

Basic objectives

Knowing that monitoring is a costly exercise and that resources and capacity in ACP countries and regions are highly constrained, the text of the agreement may further contain provisions for assistance by the EU to support the operation of the EPA-monitoring system, including *inter alia* assistance for the establishment of regional and national-level monitoring frameworks, participation of different actors, and the collection/development of monitoring data.

Options

Development assistance to allow the ACP to conduct the monitoring exercise may be addressed through the Joint EU Aid for Trade (AfT) Initiative or the European Development Fund (EDF). Provisions on development assistance for monitoring capacity may be rather vague in terms of a reference to capacity building assistance in the context of the AfT Initiative or be

part of a specific development or monitoring chapter and thus be a formal component of EPA implementation. The parties may further decide to clarify in the legal text the links between EDF financing, the Joint EU AfT Strategy and assistance for the EPA-monitoring system. If scarce resources do not allow capacity building (CB) for all involved actors, the text could include provisions for assistance to specific 'priority' actors or actions.

vii. Methods and procedures

Basic objectives

The aim is for the parties to commit to a sound, evidence-based approach and analysis to monitoring and its results. Specifying in the EPA text the basic methodological approach and procedures for the operationalization of a monitoring mechanism could ensure concrete follow-up to its establishment and definition of principles. In addition, agreeing on methodologies and quantitative/qualitative indicators/targets (against which to monitor outcomes of EPAs against development objectives) would to a certain extent formalise the monitoring results within a jointly agreed framework and thus promote an evidence-based interpretation (which would otherwise risk becoming too polemical and political).

Options

Methods, procedures and/or indicators can be

i. left outside the agreement, with the understanding that the parties to each EPA will discuss them in the implementation phase, through the respective responsible institutions,
ii. identified after the signature of an agreement but with a joint commitment through an EPA provision that stresses the importance of an results-based monitoring approach, calls for a minimum of harmonisation and comparability, and perhaps concretely names the different institutions that are to develop it (by an agreed deadline),or
iii. agreed upon beforehand and included in a protocol to or an annex of the agreement.

3.2 Process to make EPA monitoring operational

Taking into account the above recommendations, and in order to ensure that the monitoring mechanism becomes operational, a number of steps should

be taken after signing an EPA. The non-exhaustive list of suggestions presented below also aims at ensuring that monitoring in fact serves to strengthen the ownership and transparency of the EPA processes as a whole.

Once the necessary legal basis, functions and basic features have been established by the parties through an EPA legal text, a credible EPA-monitoring mechanism requires a consultative and participatory process to widely discuss and make decisions on various operational aspects. Only the stakeholders involved can determine concretely the detailed objectives, scope, procedures, and institutions for monitoring in a specific country or region (Section I below) as well as the exact content, indicators, targets, methodology and timing of the exercise (Section II). The actual steps to make the monitoring mechanism credible, transparent, workable and effective will vary depending on the specificities of each ACP country and region and on what has already been included in the EPA legal text.

3.2.1 Institutions and stakeholders

A national monitoring committee – comprising civil society, private sector and government officials, and possibly parliamentarians – should be established (if new) or identified as a result of a participatory process in the ACP countries. Such a process should be initiated immediately after the possible signature of an EPA agreement and before the implementation of specific EPA commitments. In parallel, each EPA region should define a regional framework (if not defined in the legal EPA text) to coordinate national monitoring exercises and harmonise results as well as decide on transparent procedures to operationalised the linkages between national monitoring and regional-level EPA decision-making processes.

The next step would be to conduct a first stocktaking exercise on existing capacity to participate in monitoring exercises at national level, subsequent quantification of capacity building needs, and possible sources of funding. This is crucial as current capacity, existing institutions, and availability of capacity building resources will largely determine what is feasible in a specific country in terms of actual monitoring. After this second step, an adjustment of stakeholder composition, stakeholder capacity needs and capacity building resources may be necessary once the priority sectors and issues are identified and stakeholders can be targeted more precisely. An adjustment of the composition of a national committee could be necessary if new,

particularly marginalised actors have been identified and are to be associated with EPA monitoring.

Since different stakeholders have very different priorities and interests in an EPA (for instance, between public and private sector or between consumers and producers), the involvement of different actors in monitoring should be guaranteed and the exact contribution and role of each actor clearly identified (provided they have not been defined in the EPA legal text). In particular, the roles of the following bodies should be addressed:

- national parliaments
- existing monitoring mechanisms (such as PRSP or national policy evaluation frameworks[5]),
- national and regional bodies that were established to prepare for EPA negotiations (such as the RPTFs[6], or NDTPF in the ESA region[7]).

Monitoring exercises and their results might be biased if some actors are better organised while others lack the capacity to fully engage in a monitoring mechanism. Non-state actors in certain sectors, for instance small farmers, may not have an effective representation (especially in certain countries in Africa, and often at the regional level) and may not receive support for establishing adequate organisations. Thus the capacity of each involved group of stakeholders to monitor should be assessed and gaps should be addressed.

Importantly, flexibility should be a key feature of any monitoring instrument so that it can be continually adapted to changing conditions throughout the subsequent phases of the EPA process. In this context, it may be useful to define in each country a set of actors that are responsible in the

5 One example would be the National Integrated Monitoring & Evaluation System (NIMES) in Kenya. For a brief description of NIMES, see the *Report of ECDPM-DIE Monitoring EPA Workshop* (23-24 April, Nairobi), available in Annex 4, point 1.

6 Regional Preparatory Task Forces were set up, outside but closely linked to the formal setting of EPA negotiations to contribute ideas to cooperation activities, help in the identification of sources of assistance required for EPA-related capacity building and facilitate the efficient delivery of such support.

7 National Development and Trade Policy Fora were established in countries belonging to the Eastern and Southern African EPA configuration as consultative bodies responsible for formulating national positions on EPA.

first phases of monitoring, with the flexibility needed to allow others to step in for certain sectors (e.g. depending on the schedules and sequencing of implementation of EPA provisions).

In addition, incentives are needed to get stakeholders seriously involved. A major incentive would be to ensure the transparency of results and to equip the monitoring mechanism with teeth (enforcement power). In this context, a process for the establishment of a national monitoring mechanism should also decide how to use the monitoring results, apart from the formal links to EPA legal commitments (see example in Section 7.1). The options would include, for instance, to create awareness and disseminate public information, or to inform an independent "observatory" on the EPA process. It may be particularly important for the monitoring system to include a sort of 'ombudsman' mechanism to allow the private sector to make its case directly to the highest level of ACP-EU EPA decision-making (a Regional Joint EPA council or others) (instead of going first through slow national-level bureaucracy/procedures) when harm to the business environment is caused by actions (or non-actions) on the part of the EU or the national government as part of EPA implementation or support programmes.[8] However, the monitoring mechanism should remain separate from EPA dispute settlement procedures.[9]

A national monitoring committee may decide to establish sub-committees keyed to different functions of monitoring (e.g. compliance, impact, development cooperation, etc) or clusters of monitoring (e.g. impact on consumers/farmers/exporters). Some of the stakeholders consulted emphasized that monitoring should be done by industries (agriculture, fisheries, service, etc.) to ensure that the private sector has better chances of playing a leading role in the mechanism. In this case results could be reported to the competent au-

8 For instance, private sector stakeholders consulted mentioned that more transparency and government accountability are badly needed, as issues related to corruption, red tape, and lack of implementation of business environment/trade facilitation reforms are the most serious impediments to growth for the Kenyan private sector.

9 Feeding monitoring results directly into the dispute settlement system is likely to lead to reluctance of parties to share information. Dispute settlement is meant to deal with negative impacts on other partners that result from non-compliance with the treaty provisions. EPA monitoring, on the other hand, is supposed to look at the impacts (both positive and negative) on the implementing country itself. For similar reasons in the WTO, the Trade Policy Review Mechanism is kept separate from the Dispute Settlement system, and the information provided for the national Reviews cannot be used for formal complaints.

thorities of the specific cluster (e.g. Ministry of Agriculture), so that these are best placed to implement effectively the required changes.[10]

Alternatively, the national monitoring committee could be comprised of separate fora for private sector, civil society, and government officials. Accordingly, and in line with the suggestion for 'independent monitoring', government officials could be in charge of monitoring compliance, the private sector of assessing the impact on the economy (and related capacity issues), and civil society in charge of monitoring the impact on the poor and other social outcomes of EPA.[11]

However, before exclusive monitoring tasks are transferred to actors with stakes in the EPAs, it should be ensured whether the associated risks of bias can be controlled and managed, since monitoring is an immanently political issue (see Chapter 3.3). In many cases participatory approaches will serve EPA monitoring purposes better.

Examples

1. An interesting example of institutional design for national-level monitoring is provided in Annex 4. Stakeholders in Kenya observed that the Ministry of Planning and National Development (MPND) should take on the coordination function, while the concrete monitoring exercise should be done by clusters in the respective line ministries. A forum should be established for each cluster to bring together private sector and CSOs to feed into the reporting. The institutional linkage with the Ministry of Planning, coor-

10 For example, the fisheries industry in Kenya has previous experience of a collaboration with the government to monitor implementation of certain policies (for instance, on eco-labelling of products), whereby the Kenyan producers appointed an independent monitoring body (such as a consultancy firm) and used its reports to ask the government to make certain legislative/regulatory changes.

11 It emerged from consultations in Kenya and Tanzania, for instance, that there is a pool of researchers, including within universities (with increasing numbers of PhD students) and CSOs (such as the Consumer Information Network, Economic Affairs Institute, Econews, or Oxfam), that have improved their ability to undertake relevant trade-related research of the kind needed for EPA monitoring. With appropriate resources and under the supervision and mandate of the Ministry of Trade&Industry, they could undertake such an important exercise for data collection. Tanzania also has interesting capacities to carry out EPA-monitoring (see Annexes 3 and 4).

dinating ODA resources and development budget disbursements would ensure that enough resources are provided for monitoring. Furthermore, coordination of the National Integrated M&E System (NIMES) is already located with the Monitoring & Evaluation Directorate (MED) of the Ministry of Planning. The concrete monitoring would be done by Central Planning Units (CPU) in the respective line Ministries, which are already in charge of conducting the annual reports of each Ministry required to report its results to the Ministry of Planning. By using these existing structures, the costs for monitoring would be reduced.

2. An example of a sub-committee of the national monitoring mechanism would be a development committee. Its tasks, varying greatly depending on whether development cooperation commitments are included in the EPA text or the mandate of a monitoring mechanism, may include:

- to assess the development cooperation needs of each involved actor related to EPA monitoring;
- to undertake phasing and prioritization of identified needs and sequencing;
- to identify possible funding sources in addition to anything already programmed (EDF, etc.), e.g. domestic sources, including private commercial banks, regional instruments, Cotonou, bilateral donors, aid for trade initiatives.

3. One example of ways to concretely involve ACP regional organisations in the operationalization of monitoring would be to assign regional organisations the exclusive competence and task of monitoring regional integration within the overall EPA implementation process. This will be particularly relevant for some regions that have already created endogenous initiatives for monitoring regional integration, like SADC and the COMESA region.

3.2.2 Methodology and substance of monitoring

In addition to clear institutional design and broad involvement of stakeholders, a methodology for and exact content of monitoring EPAs at the national level should be defined as soon as possible. As it is impossible to exhaustively monitor all areas of interest to actors involved in EPAs, it will be necessary to identify at national and regional level priority sectors as well as those inputs (in terms of EPA provisions and EPA-related accompa-

nying measures) that are likely to have a major impact. Given the range of issues and the limited capacity to address them all, there is a need for prioritization, or at least sequencing, of what is set to be monitored. This could be done by prioritizing, according to the chapters of the EPA Agreement, the economic sectors, the social groups involved, or the most serious impediments to achieving the EPA goals (see Chapters 4.2. and 5).

Given that the overall final assessment and prioritization will depend on the importance and weight given to each monitored area, the weighting exercise and the underlying assumptions[12] must be made explicit through the consultative process and the identification of the methodology.

Once the broad methodological approach for monitoring has been identified through a national participatory process, it will be necessary to define the exact content of monitoring and the related indicators.

The methodology for national-level monitoring of EPA should encompass in particular:

i. EPA-relevant indicators to be monitored. The identification of indicators should build on a pre-selection based on a participatory process including all stakeholders involved in EPAs. A thorough impact assessment, if available (see Annex 6), can help to identify priority sectors, impact domains and inputs.[13]

ii. This study proposes to identify indicators that can be based on a results chain analysis. Result chains link EPA instruments and accompanying measures (national policies and development assistance) over a succession of intermediary outputs and outcomes with expected (positive and/or negative) changes at the impact level of EPAs, i.e. poverty reduction and sustainable development. Capacities to implement EPAs and draw benefits from them can be part of the result chains as well as certain indicators of the wider framework conditions which are known to influence the effects of EPAs and the impact level.

12 For instance on the possible causal linkages between the EPA and the domestic (national and regional) environment.

13 In addition to wide consultations with involved stakeholders at the beginning of the monitoring process, also ex ante impact assessment exercises (such as the Sustainability Impact Assessment funded by the EC for the 6 EPA regions) could offer important insights on data availability and suitable indicators at national and regional level.

Result chains should be established in a combined effort with stakeholders, sector and EPA experts and statisticians for the key sectors or products identified. For the different levels of the result chains (inputs, outputs, outcomes, impacts), indicators will need to be identified and selected where appropriate. The selection of indicators has to respect the requirements of national EPA concerns. However, at least some have to be comparable at the regional level, for instance implementation of EPA provisions, amount of development assistance or poverty data, in order to compare and aggregate impacts across countries or even at the all-ACP level, to provide information and initiate debate on regional reactions such as triggering safeguards and adjustment policies.

It is proposed that a combination of qualitative and quantitative approaches be used. However, quantitative indicators would remain at the core of monitoring and would be supported by qualitative indicators. Targets can be established for selected indicators. This is particularly obvious for implementation indicators (tariffs reduced according to schedules, development assistance according to agreements, legislation adopted according to texts). For results, targets are more difficult to define due to the long chains from inputs to impacts and the large influences of external factors. However, at least at the level of outcomes targets could be defined, e.g. use of new rules of origin by x% of traders, trade flows above x%, etc.[14]

In addition to results chains, open monitoring elements should be added in order to capture important unexpected results, for instance a complaint mechanism.
The quality, availability, reliability and the costs of obtaining data will be important criteria for indicator selection. This in turn will be influenced by existing statistics and monitoring systems such as PRSP, trade, price, production, productivity, social and environmental information systems. In most ACP countries there is scarce

14 Some researchers proposed using the concept of 'Development milestones' in EPA monitoring. These milestones would be EPA-induced policy actions and removal of impediments (including non-action) by both the EU and ACP countries that are necessary to make progress towards the goals of the CPA and the EPA (see Annex 11).

capacity even to monitor the import volumes and prices needed to trigger basic safeguard mechanisms. To cut costs and use synergies, stakeholders consulted observed that indicators for EPA-related monitoring should be linked as much as possible to existing in-country processes such as the PRSP or monitoring regional integration. It was, however, also noted that data collected for policy tools like the PRSP are often very general. Thus, it is necessary to gather sector and trade data. This may be achieved by strengthening existing systems.[15] Some indicators may also be found in international data bases, though the latter will most probably be even less specific to tracing EPA impacts than national systems. EU stakeholders should consider building resources and capacity for monitoring in ACP countries and regions as a key part of the EPA implementation process. Funding for this could be made available through EDF resources and the Joint EU AfT Strategy. This would also encompass generation and improvement of trade data.

The final list of indicators should then be discussed with EU authorities, as the establishment of joint indicators will strengthen mutual responsibility of both parties in the monitoring exercise. However, some flexibility should be maintained in terms of content or objects to be monitored so that the national-level methodology can be continually adapted to changing conditions throughout the subsequent phases of the EPA process. Results chain analysis should be complemented by monitoring approaches that are able to capture unintended effects of EPAs.

iii. Information collection at all levels should start very early to provide baseline information for the further monitoring process and allow comparison with targets.

iv. A complaint or voluntary reporting mechanism informing the monitoring committee and/or an ombudsman could constitute a valuable complement.

15 Ethiopia, for instance, started building a data system three years ago to analyse implications of policy reforms (for details, see Ethiopian Development Research Institute, http://www.edri-et.org/index.htm).

v. Finally, there should be a legal commitment on data sharing among/by regional ACP neighbours, otherwise it could be difficult to coordinate and harmonise national monitoring results at regional level.

The selection and implementation of the methodology will require thorough expertise to ensure availability and feasibility of results. Thus, training, including training for moderators and statistical experts, may be necessary.

Examples

1. Examples of indicators on the development cooperation part of EPA include:
   - basic quantitative indicators on commitment and disbursement levels: e.g. volume of EPA-related assistance committed by donors and by the country itself in various assistance areas previously agreed; share of aid channelled through budget support or other instruments, discrepancies between annual commitment and effective disbursement by donors.
   - qualitative indicators to judge aid effectiveness, for example perception of ownership (integration of trade issues into national development programmes including PRSP, knowledge and degree of participation of different actors in aid programming) and policy alignment (programmes implemented are in line with national development strategies).
2. Interesting examples of indicators in the area of non-tariff barriers (NTBs) that could replicated directly for the EPA-monitoring exercise can be found in the context of the NTBs Monitoring Mechanism established by the East African Business Council and the East African Community Secretariats with the objective of facilitating identification, reporting and monitoring of the elimination of current and future NTBs within the EAC Partner States.

1 Introduction

With the negotiations on economic partnership agreements (EPAs) drawing to a close, envisaged by the end of 2007, the issues of whether the agreements concluded will ever be properly implemented and whether they will be able to deliver on their development goals are becoming more prominent. Many of the negotiators and policy makers remain focused on reaching a positive outcome of the negotiations. Yet, EPAs are not simply about fostering trade, they were conceived first and foremost as instruments for development, as provided for by the Cotonou Partnership Agreement (CPA). In ensuring that the development promises of the EPAs are fulfilled, close monitoring of the implementation and impact of EPAs may play a key role. It can help diffuse fears related to the challenges posed by EPAs. Adequate monitoring may also help to ensure that unwarranted effects of EPAs (or of their non-implementation) will be identified and addressed in a timely manner.

In this context, it is not surprising that African, Caribbean and Pacific (ACP) countries, as well as the European Union (EU), have expressed interest in the monitoring of EPAs. In 2005, EU Member States committed themselves to closely monitor EPAs to ensure that they help achieve development objectives and to "*(...) establish and implement an improved monitoring mechanism against development objectives within the EPA process*" (Council of the European Union 2005). This commitment to EPA monitoring was re-emphasized in the recent conclusions on EPAs of the General Affairs and External Relations Council (GAERC) of 15 May 2007, according to which "[t]he Council reaffirms that review clauses as well as mechanisms for monitoring and reviewing implementation and development impacts will be a key part of the EPAs. This will be an integral function of the EPA institutions." The Sustainability Impact Assessment (SIA) of EPAs, conducted by PricewaterhouseCoopers for the European Commission, also explicitly recommends the establishment of such a monitoring system for EPAs (see Box 1.1 and Annex 6 for a summary). It is anticipated that a monitoring mechanism can play a significant role in the implementation and adaptation of EPA processes as well as in the communication between the different partners involved in EPA processes, and should therefore be established.

However important and necessary EPA monitoring is considered, there is hardly a study available that reflects in more depth what shape it might take on.

Box 1.1: Recommendations from Sustainable Impact Assessments (SIA) of EPAs on monitoring

The recommendations developed from the SIA include improvement of data collection at the national and regional level as well as the development of a permanent institutional mechanism to monitor the implementation of EPAs from the perspective of economic, social and environmental sustainability. Such a mechanism should include a broad range of influential stakeholders and be able to make recommendations to decision makers in the EU and the ACP countries alike. The key functions should include:

- Compilation and distribution of information.
- Research and assessments with regard to trade and sustainability.
- Development of indicators.
- Interaction and consultation with civil society, including the development of guidelines for its participation in the broader EPA process.
- Co-ordination of technical assistance.

There are no detailed recommendations on the institutional design of a monitoring mechanism and whether it should be at the EU-ACP, the regional or the national level.

Source: PwC (2007, 86)

This is a serious gap in the EPA literature and for EPA negotiations. A closer look at policy monitoring mechanisms shows that monitoring EPAs will not be an easy task as various interests and challenges have to be taken into account. In general, depending on how contentious the policy to be monitored is, and how serious the consequences of findings deriving from monitoring may potentially be, a monitoring mechanism must respond to certain requirements. This is particularly true for EPAs that are highly contested between negotiating partners and within the larger development community, and where certain findings would bear important consequences for the future of EPAs, for adjustment measures and even for the general political atmosphere between EU and ACP countries in general.

This study looks further into the underlying rationale for monitoring EPAs. It aims to provide information to different stakeholders on the design, scope and content of monitoring as well as on feasible methodology. It thus hopes to raise awareness with stakeholders, stimulate debate and facilitate informed negotiations and decision-making by policy makers.

More specifically, the study aims to

- identify and classify the different rationales for monitoring EPAs and the scope and content that these may entail,
- explore methods to monitor the implementation and impacts of EPAs and related measures,
- discuss options for institutional arrangements and the involvement of different stakeholders in the monitoring exercise.

The study concludes with concrete options and recommendations on provisions to be included in the EPA legal text and proposes different steps to be taken to allow for a timely establishment of a monitoring mechanism.

The research and consultations conducted for this study have been guided by the following broad questions, which are closely interrelated:

- Why should EPAs be monitored?
- What should be the focus of EPA monitoring?
- Who should be involved in monitoring EPAs?
- How should the EPAs be monitored in view of the various dimensions involved in determining why, who and what to monitor?

These guiding questions relate to the political, institutional, methodological and contextual dimensions of EPA monitoring. The issue of capacity and capacity building needs in terms of participation of institutions and stakeholders in EPA monitoring are also addressed.

The methodology used for this study builds on three main components: [20]

- a review of literature: building on the seminal study by Bilal and Rampa (2006)[21], which identified key issues of EPA monitoring, this study undertakes a systematic review of the literature, with a special focus on the

20 Further information on all workshops available at www.ecdpm.org/trade/epamonitoring.

21 See Bilal et al. (2007) for a brief overview.

monitoring & evaluation literature, the monitoring of free trade agreements and regional integration, and other relevant documents on policy monitoring processes and EPAs;

– *broad consultation and interviews* with ACP and EU stakeholders of EPAs, including trade and development officials, EPA negotiators, ACP ambassadors, members of parliament, and representatives of civil society and the private sector; this included two seminars organised by European Centre for Development Policy Management (ECDPM) in Brussels on 21 February and 14 June 2007 (see Annexes 1 and 2 for reports) and a debate on EPA monitoring at the Meeting of the Committee on Economic Development, Finance and Trade of the JPA, on 23 June 2007 in Wiesbaden, Germany;

– *two case studies*, each based on interviews and a workshop:

  Tanzania: a least-developed country (LDC), a member of the East African Community, and currently negotiating an EPA in the SADC configuration; the German Development Institute (DIE) stakeholder workshop was organised together with the Friedrich Ebert Stiftung (FES) in Dar Es Salaam, Tanzania, on 28 February and 1 March 2007 (see Annex 3 for documentation), and

  Kenya: a non-LDC, also a member of the East African Community, but currently negotiating an EPA in the East and Southern Africa (ESA) configuration; the ECDPM consultative workshop was organised together with CUTS NRC (Consumer Unity and Trust Society –International) and FES, in cooperation with APRODEV (Association of World Council of Churches Related Development Organisations in Europe), in Nairobi, Kenya, on 23–24 March 2007 (see Annex 4 for documentation).

The study does not intend to prescribe a specific approach to monitoring, as situations may vary according to national and regional needs and specifications. Instead, recommendations are presented in terms of general principles and concrete options.

The study is structured as follows. Chapter 2 provides some essential definitions concerning monitoring and evaluation and discusses some of the concepts related to EPA monitoring. Chapter 3 discusses the objectives and purposes of EPA monitoring, whereas Chapter 4 addresses the possible scope and substance of an EPA monitoring exercise. Chapter 5 reviews some of the key

methodological considerations and possible instruments for monitoring the implementation of the agreements, and in particular their impact. Addressing various constraints in identifying, collecting and analysing data and information relevant for EPA monitoring, this chapter introduces *results chain analysis* as the most promising approach in this context. Chapter 6 then looks at the political, institutional and procedural dimension of monitoring, paying particular attention to the participation of various stakeholders and the institutional design of EPA monitoring. In doing so, it discusses the issue of capacities of and incentives for stakeholders to participate in monitoring. Finally, Chapter 7 proposes concrete recommendations for monitoring the implementation and impact of EPAs. It identifies a range of options for specific provisions related to EPA monitoring to be included in an EPA legal text. It also suggests a way forward for setting up a monitoring system for EPAs once the agreement has been concluded.

2 Concepts of monitoring

Monitoring is in principle an activity that is commonplace in both the public and private sectors in developed and developing countries. However, in the context of EPAs different stakeholders have very different understandings of the concept of "monitoring" and the elements it includes. In addition, there are confusion and misunderstandings in conjunction with the concept of "evaluation". The different views can be partially explained by different professional backgrounds (private – public, 'North' – 'South', trade – development, project – policy), by the complexities of EPAs and their effects on development, but they may also stem from the fact that some of the different monitoring concepts on the market are somewhat fuzzy and in part incoherent. Moreover, in the development community monitoring is often discussed together with evaluation under the acronym M&E. This is partly justified because in practice there is a symbiotic relationship between the two processes, but as a result a clear distinction between the two is often not made (see Chapter 2.3 on the difference between the two concepts in the context of this study).

Consequently, there are considerable differences as to what EPA monitoring should and could achieve and how it should and could be integrated into policy making and adjustments around EPAs. This leads to different, often contradictory ideas about different purposes, scopes, processes and methodologies of EPA monitoring and who should be involved – ideas which are additionally biased by the specific interests of the various stakeholders. In fact, monitoring

and evaluation are unavoidably embedded in power considerations and the political economy surrounding the issues they deal with (see Chapter 6).

Thus, a clarification of the terminology and the nature of monitoring is indispensable for this study. In the following, we adopt the terminology of development cooperation to the purpose of monitoring a complex set of policies (which EPAs are) and look at how monitoring is generally linked to political processes.

2.1 Monitoring in development cooperation – from implementation to results

Germann and Gohl (1996) emphasize that, *in the case of development projects*, monitoring generally aims to *help inform management and decision-making* and has in particular two functions:

– *Checking* if everybody in a project and programme is doing what has been agreed. Checking can also refer to the efficiency of activities or policies (i.e. the ratio of inputs to outputs) or to effectiveness (how good the outcome is).

– *Reflection and learning*: The regular collection and analysis of data provides opportunities for periodical reflection on and critical assessment of action. On the basis of this critical review, learning can take place on successes and failures of an action, project or policy and appropriate measures can be taken for correction and re-orientation.

Another function mentioned that has been given attention in more recent literature is *increasing accountability* of development projects and assistance.

Seen in conjunction with the commitment to strengthening *results-based management* of development cooperation stipulated in the *Paris Declaration on aid effectiveness* (OECD 2005), there is an increasing emphasis on and need for monitoring systems that can show that development activities translate into improved development results – i.e. outputs and outcomes that change the situation at the level of the target groups and development dimensions and lead to long-term effects, i.e. impact (see Box 2.1 on terminology and Chapters 4 and 5 for an adaptation to EPAs). Thus, monitoring in modern development practice should increasingly focus on monitoring results, in particular *im-*

pacts[22]. It is only through a focus on results that a monitoring system can actually contribute to learning and improving by showing that activities carried out have improved issues at the target level.[23] However, monitoring activities will not cease to be of importance, particularly in the case of policies, since their implementation is a crucial first step to be systematically checked if any impact is to be expected.

Monitoring takes place on many different occasions of development cooperation, in small locally administered projects, at the level of national programmes or large multilateral organisations. Due to their different focus, different activities are labelled as 'monitoring' and development organisations use different definitions of the term (see Annex 5). Common to all these definitions of monitoring are *four essential features*:

- Monitoring refers to a *continuous process of data collection* that takes place at regular intervals.
- It can take place at *different levels* of and around an activity or policy (preparedness, processes, inputs, outputs, outcomes, impacts, framework conditions, etc.). However, how these levels are defined varies from one institution to the other, adding to the relative conceptual fuzziness on the terminology of monitoring.
- It aims to provide insights into *trends and 'sense of direction'* rather than to explain causal links; thus it looks at quickly available and probably superficial data rather than undertaking an in-depth analysis. This data can later be used to support evaluations.

22 More precisely results since ongoing monitoring activities often tend more to register short-term outputs and outcomes than long-term impacts. However, the term impact monitoring is nowadays widely used.

23 Theoretically, monitoring systems derived from the planning of a development intervention have long known the notion of impact. Particularly the logical framework approach (Rosenberg / Posner 1979) widely uses the concepts of impact monitoring and provides for indicators at all those levels. However, in practice monitoring most often concentrated on activities, inputs and, at best, outputs, neglecting outcomes and impacts. Indeed, it has even been argued that impact monitoring is a contradiction in itself because impacts, i.e. long term changes induced by an activity cannot be grasped through ongoing observations typical for monitoring (see Chapter 4 for a reflection of this problem in EPA monitoring). It is only in recent times that, induced through the aid effectiveness debate, impact monitoring has come to be taken more seriously, and the obvious challenges are now addressed.

– It is *systematic and systemic*, i.e. monitoring needs to be to some extent *institutionalised* and linked to other processes, which makes it an accepted basis for decision-making.

Box 2.1: OECD / DAC key concepts of results-based management	
Development intervention	An instrument for partner (donor and non-donor) support aimed to promote development.
Goal	The higher-order objective to which a development intervention is intended to contribute.
Results	The output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention.
Impact	Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Outcome	The likely or achieved short-term and medium-term effects of an intervention's outputs.
Outputs	The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.
Inputs	The financial, human, and material resources used for the development intervention.
Activity	Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to produce specific outputs.
Indicator	Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.
Source: OECD (2002)	

Box 2.2 summarises key lessons and challenges of monitoring. There are obviously trade-offs, particularly between focus on the one hand and inclusiveness, participation and attribution on the other hand.

Box 2.2: OECD/DAC lessons and challenges for monitoring

A small amount of reliable data is more useful than a large volume of questionable data.

Focus continuity in monitoring and reporting on a small set of core indicators.

Combine quantitative and participatory (qualitative) monitoring methods. Tailor-made monitoring arrangements suit local needs, while "off-the-shelf" models rarely fit.

Build reporting and monitoring systems on local capacities, demands and leadership.

Take into account the opportunity costs of participatory approaches for the participants themselves.

Scale up project monitoring towards programme and policy monitoring, wherever possible within the PRS framework.

Source: OECD (2003, 58)

Impact monitoring is commonly referred to as a tool to help a programme or project match its day-to-day activities with the desired long-term goal of sustainability. The approach reflects the recognition of the importance of regular reflection on impact, rather than measuring impact 'ex post' via evaluations; typically done at a point when the intervention is either already concluded or nearing completion. In the context of the Economic Partnership Agreements, impact monitoring can play an important role by collecting data that would allow for evidence-based reflection among a multitude of stakeholders on whether the short term results achieved contribute to the long term objectives of the EPAs. A parallel advantage of such a multi-stakeholder reflection and validation would be that the exercise itself would contribute to strengthening the quality of the partnership.

Impact monitoring, however, naturally involves costs in terms of human and financial resources. The comprehensiveness of the exercise should thus be closely attuned to the available capacity and resources of all stakeholders that are to be involved. Furthermore, the data should be credible in order to minimise the possibility that they might be contested by involved stakeholders. If

such conditions are not carefully considered and put in place, the impact monitoring may not be of developmental value in the context of the implementation of the agreement. It should also be noted that it is advisable to adapt and evolve the monitoring system over time, particularly to keep it in accordance with the existing (growing) capacity of stakeholders as well as changing priorities, understandings and consequent information needs. These issues are discussed in more detail in Chapter 5, 6 and 7 of this report.

Only one of the definitions of 'monitoring' presented in Annex 5 explicitly mentions the use of targets against which to compare the information collected. However, how to evaluate monitoring data is an important issue. Targets can be formulated to capture key objectives of the policy and are useful for comparing and analysing the collected data. This issue will be addressed in Chapter 5.4, where we discuss the use of "benchmarks" as a special kind of targets in EPA monitoring.

2.2 Differences between monitoring and evaluation

The term monitoring is often used in conjunction with the term evaluation, e.g. the concept of monitoring and evaluation (M&E). The reason for this is that in principle there should be strong linkages between monitoring and evaluation. However, there are also clear differences between monitoring and evaluating EPAs. These are (among others):

- *Periodicity*: Monitoring is a continuous process that takes place at regular and more frequent intervals. Evaluations are usually conducted at a few key moments of an intervention or key phases of policy implementation. Typical for the project context are *ex ante*, mid term and *ex post* evaluations. In the context of EPAs, evaluations could be conducted at regular intervals (e.g. every five years), in conjunction with Review Clauses for instance.
- *Nature of data* and information collected: Whereas monitoring tends to concentrate on readily available data of limited scope, an evaluation will require larger data sets. Ideally, monitoring should provide time series of core data for evaluation, which will make additional attempts to gather data through larger one-time surveys or secondary data compilation.
- *Depth and comprehensiveness*: Monitoring is more oriented to the operational level and discerning trends for a limited range of subjects, without

trying to comprehensively analyse the (causal) relationship between data or between actions and their effects on explanatory and dependent variables, for instance. Evaluation involves comprehensive analysis and assesses whether the objectives of the policy or interventions have been reached by policies and interventions. Ideally, an evaluation should make explicit the values underlying this assessment.

– *Consequences*: Evaluations are usually conducted with a view to making assessments and decisions more fundamental than would be possible on the basis of monitoring. Whereas monitoring serves as early warning and to discern necessary adjustments in a given phase of a project, programme or policy, an evaluation can lead to more significant changes or even a shift in approach.

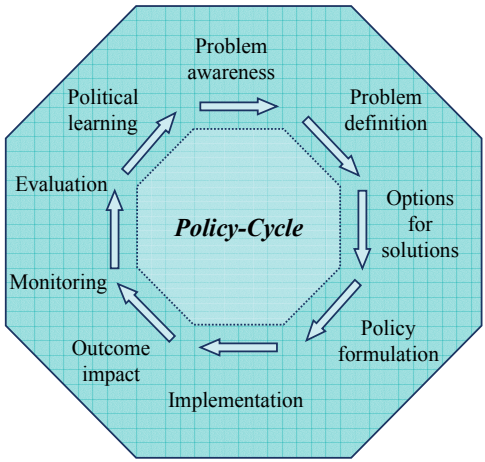
2.3 From projects and programmes to policies and policy cycles

The monitoring functions in the project context are also relevant for policies and thus for EPAs. However, an important difference between monitoring development projects or programmes and policies is that projects usually are closer to the target groups. It is thus easier to track effects and impacts on the target group. It is more difficult to track how a specific policy affects the actors of the society it is designed for, as it is more difficult to follow how a policy converts into impacts at the level of budget allocations and institutions and, finally, on citizens or business actors. The 'attribution gap' is wider in the case of policies.[24] On the other hand, policies are more comprehensive and address more framework conditions of a given target group and their activities than a project can. This implies that impacts can be stronger and thus better detectable in the case of policies, which makes monitoring their impact more feasible.

A simplified model of a policy process is illustrated in Figure 2.1. It highlights the different steps of the policy cycle and the role monitoring (and evaluation) mechanism plays in it. In an ideal and participatory world, all important stakeholders would be involved at the stages of problem awareness and definition, policy formulation, implementation, evaluation and political learning.

24 See Chapter 5.1 for a discussion on causal chains in the context of EPAs.

Figure 2.1: Monitoring and evaluation in the policy cycle - a simplified model



Source: Adapted from Faust / Lauth (2003)

In a stylised way, the "EPA cycle" corresponds to the general policy cycle illustrated above. EPAs constitute a whole bundle of political decisions to change the economic frameworks in ACP countries and EU-ACP economic relations. Some provisions (e.g. tariff reductions) will translate rather directly into national or regional policies, others (e.g. investment rules) will still have to be incorporated into national policies.

Distinguishing between monitoring and evaluation (Chapter 2.2), decisions stemming from monitoring would aim at minor adaptations and regular adjustments of a policy and their implementation (including accompanying measures), whereas evaluations, for instance as part of a policy, may help to address more substantive issues related to the implementation and impacts of the policy.

In this context, the three basic functions of monitoring are:

– *control*: checking whether the adopted policies are effectively implemented

- *adjustment and learning*: refers to collective learning processes by specific groups of stakeholders (e.g. different kind of business organisations, leaders of agricultural cooperatives, government officials)
- *accountability and transparency*: as regards the implementation of the policy and its results

3 Objectives and principles of EPA monitoring

Without guiding objectives and principles, EPA monitoring risks remaining an untargeted, useless and ultimately unused exercise, instead of being the guiding mechanism for accompanying and improving the implementation of EPAs that it potentially is. The foundations for EPA monitoring are outlined in this Chapter.

3.1 The context of the discussion on an EPA-monitoring mechanism

EPAs have an ambitious agenda. First, they aim at introducing, over time, a gradual reciprocal market opening of all parties. This marks a radical shift from the over 30 years of unilateral preferential market access granted by the EU to ACP products. Many in the ACP are anxious about this new paradigm in ACP-EU trade relations. Second, EPAs are not simple free trade agreements with a traditional focus on eliminating duties and quotas on, substantially, all trade between the parties. EPAs aim at addressing all effective market access obstacles, including non-tariff barriers (NTBs) and technical barriers to trade, such as standards and certification, sanitary and phytosanitary (SPS) measures, trade facilitation and rules of origin. Last but not least, EPAs were intended to contribute to transforming the ACP economies, strengthening regional integration processes and creating the institutional, regulatory and economic conditions to foster sustainable development of ACP countries.

Both parties have repeatedly reaffirmed that EPAs should be first and foremost instruments for development. Yet, while these new trade arrangements will offer new development opportunities, they will also create serious challenges to the ACP countries.

The tensions revolving around EPAs arise from their potential to be powerful tools for development, their possible negative impact and the high adjustment costs that will arise during their implementation. Many stakeholders from ACP countries, non-governmental organisations (NGOs) and some EU member states claim that the current EPA negotiations do not provide sufficient space for those elements that are required for economic development and export growth to actually occur.

In this context, it is crucial that EPAs are carefully designed to take into account the specificities of each ACP country and region. In parallel, accompanying measures and reforms need to be undertaken. This is, or should be, the focus of all ACP and EU policy makers and EPA negotiators.

Once EPAs have been concluded, the challenge of implementing the agreements will need to be addressed. In view of the numerous constraints faced by the ACP, this will not be an easy task. The EU will have to facilitate this process and adequately support the ACP efforts through development assistance. But as important as it may be, compliance with the terms of the agreement and effective implementation are not an end in itself. What is key is that the overarching EPA development objectives of sustainable development and poverty reduction are achieved. These may not be easy objectives, as EPAs do not operate in a vacuum, and many other factors will influence the development of ACP countries and regions.

3.2 Why should EPAs be monitored?

If EPAs are to deliver on their development dimension, they should not be limited to basic questions of market access. By facilitating the integration of the ACP countries into the world economy, and building on regional integration initiatives, EPAs should stimulate economic development and export growth, and hence contribute to sustainable development and poverty alleviation. To ensure that they effectively play their role, an EPA-monitoring mechanism should make it possible

i. to check the compliance of the signatories with the provisions of the agreement (trade and development) in accordance with the commitments and objectives set by the parties;

ii. to check the effective implementation of the accompanying measures and policies agreed upon, which is crucial for the credibility and usefulness of the agreement;

iii. to provide plausible indications of the degree to which EPAs have a positive impact in terms of trade and development set out in the agreements on the basis of the Cotonou Partnership Agreement. This includes tracking undesired effects and impacts and signalling them to EU and ACP decision makers;

iv. to identify reasons why certain things (implementation or impacts) do (not) occur and to use this information to guide additional adaptive measures designed to support or remedy the situation. Such reasons will basically break down into weaknesses in the EPAs or their accompanying measures themselves, wrong assumptions, lack of capacities and problems in the larger environment of EPAs (framework conditions).

EPA monitoring should thus contribute to evidence-based decision making and feed back into the policy making process in a transparent way, facilitating and de-emotionalising future debates around EPAs and ways of how to adapt and accompany them. It should also contribute to medium term evaluations and possible larger policy changes. In this way, an effective EPA monitoring mechanism can serve the general objectives of monitoring, namely control, reflection and learning, accountability and transparency.

EPA monitoring should also contribute to promoting the coherence between EPA-related activities and the context in which an EPA is implemented. This includes the pre-conditions and enabling environment required to implement an EPA as well as the influence of other (accompanying or subsequent) measures, policies and reforms, at the domestic and regional level, in the absence of which an EPA is unlikely to achieve its objectives.[25]

Besides, EPA monitoring may also serve to promote a consultative process in the implementation of an EPA, by fostering transparency and inclusiveness of the key stakeholders concerned.

25 In this regard, development benchmarks or milestones may prove useful, notably to ensure that appropriate policy space is preserved; see Chapter 5.4.

For enhanced effectiveness and credibility, it is thus useful to envisage the key parameters of a monitoring framework, its objectives and key modalities, at an early stage, preferably before the conclusion of the negotiations, so as to ensure that they are partly embodied in the agreement, or at least addressed immediately after the signing of an EPA. Early considerations on monitoring may help anticipate some of the problems associated with the monitoring exercise. Perhaps more importantly, it can contribute to alleviating some of the fears about the possible negative effects of an agreement and help build consensus among the parties on the core principles, functions, scopes, approaches, institutional designs, modalities, assistance for and use of the monitoring exercise, while preserving the necessary flexibility for the effective conduct of EPA monitoring.

Understanding EPA implementation or lack thereof

One basic condition for the success of an agreement is its effective implementation. In general, regional trade agreements (RTAs) aim at effectively addressing trade barriers and creating effective market access.[26] In the context of EPAs, the objectives go beyond pure market access and include, among other things, the establishment of a regulatory environment conducive to business and economic activity, with enhanced institutions and trade-related infrastructure. It is thus important that both parties (the ACP and the EU) comply with their commitments under an EPA. In cases of disagreement, a consultation mechanism may prove useful to prevent formal litigation under a dispute settlement mechanism. But not all provisions of the agreement may be best addressed by and subject to dispute settlement: best endeavour type of provisions or development cooperation clauses cannot be disputed. More importantly, many problems encountered in implementation may be addressed in a more informal setting, with the good will of the parties. In this regard, continuously monitoring of the effective implementation of the agreement may prove most helpful, including in efforts to defuse possible tensions.

Several reasons may explain the non-compliance or lack of implementation of parts of an EPA:

26 See for the instance the market access strategy of the EU, which emphasizes the importance of effective dispute settlement provisions and "early warning" approach to monitoring regulations (European Commission 2007).

- In general, incomplete compliance with RTA provisions is due to lack of (political) will by one of the parties, which tries to evade some of its commitments. Such problems can be addressed through direct dialogue among the parties, and if required, on the basis of the appropriate dispute settlement mechanism.
- However, poor implementation of an EPA may also be due to a lack of information, training, technical ability or capacity on the part of the authorities and institutions concerned. This is a likely outcome in many ACP countries and regions, whose capacities and resources are extremely constrained. In such cases, dispute settlements are of little value. Remedies can only be found through dialogue, information, direct assistance and capacity building initiatives (not only by the EU but also from within the country or region concerned). Here again, EPA monitoring can play a crucial role in helping to identify problems and their causes.
- Finally, improper compliance with the terms of the agreement may be due to some inappropriate provisions of an EPA, which may turn out to be inadequate for the particular situation of a country or region. In such occurrences, monitoring and evaluation may serve as early warning, which can then guide the adjustment of the EPA or accompanying measures.

Understanding the impact of EPAs

Compliance and implementation is not an end in itself. EPAs should ultimately serve development objectives. This makes the task of monitoring both more necessary and more complex. A simple monitoring of the implementation of trade policy provisions of the agreements will not be sufficient, since there are few precedents regarding the direct poverty reducing effects of trade agreements. This is also reflected in the positions of the European Council, the European Parliament and the various stakeholders consulted during this project: They all consider it as necessary to monitor both the implementation and the impacts of EPAs.

It is thus important to monitor whether EPAs have in effect a (positive) impact (a) on trade and the economic environment and (b) on the development and poverty alleviation efforts of ACP states and regions. To this end, monitoring can contribute to identifying, and thus promptly remedying, possible negative effects that would result from the implementation of any provision of an EPA.

In doing so, it is useful to be able to distinguish immediate effects of an EPA (i.e. narrow / short term outcomes, e.g. on trade flows, fiscal revenues and other relevant economic indicators), from the broader, more substantive and longer term impacts, notably on sustainable development and poverty alleviation (see Box 2.1 on the terminology of results-based management). This raises the question of the necessary focus of the monitoring exercise, extensively addressed in Chapter 4, in particular in view of the fact that not all dimensions of an EPA can be monitored simultaneously.

To be practical, the EPA-monitoring exercise should focus on aspects directly linked to the agreement and complementary accompanying measures. Yet, to remain meaningful EPA monitoring should pay particular attention to preconditions in place in the various ACP countries and regions, as these will determine to a great extent the implementation and the impact that an EPA may have on development (see above). By the same token, the sequencing of measures and policy reforms accompanying the EPA implementation will play a key role for the ultimate impact of an EPA. These dimensions (related to more generic issues such as regional integration, supply-side constraints and institutional development) should thus be captured in the monitoring exercise of EPAs.

3.3 The political dimensions of EPA monitoring

It is important to emphasize that monitoring the implementation and impacts of EPAs is not a purely technical exercise but also has a political dimension.

As discussed, EPAs are very complex and highly controversial agreements, affecting a great number of different stakeholders in the EU and ACP countries with different economic and political interests and conceptions regarding development. Since monitoring takes place in a political environment (see Chapter 2), the information produced by an EPA-monitoring system is a highly political commodity. The different stakeholders of the agreements will try to use it to defend their interests and derive benefits from the EPAs.

What data will be used by the monitoring system, who will be involved in collecting, processing and analysing it, who will receive the data, and at what stage of the implementation process? These are not simply technical issues, they also raise systemic and political concerns, likewise reflecting the needs and interests of the actors involved.

Given the complexities and the need for simplification and selection, a monitoring mechanism cannot be completely neutral. However, in designing a monitoring system, the above questions should be kept in mind in order to mitigate bias towards one or the other group of stakeholders. The way an EPA-monitoring system is legally and institutionally framed and the degree to which it takes account of the capacities of different stakeholders to access and make use of the information it generates will largely determine the ownership of the system and with it the degree to which it can contribute to its objectives (see Chapter 3.2). It is therefore important to be transparent about the process of conceptualisation and design and create space for different types of stakeholders to participate in this process (see Chapter 6).

The political nature of the information generated by monitoring systems is also the reason why some stakeholders may be reluctant to monitor (specific aspects or impacts of) a policy or - in this case - an EPA. For instance, the experience with PRSP monitoring shows that there tends to be some resistance by governmental actors to making certain types of information available to non-state and private sector actors (GTZ 2004, 34–35). Stakeholders may want to conceal the fact that policy implementation has not been carried out as agreed, or they may be reluctant to share information, in particular information that makes transparent who stands to gain and who to lose if possible adjustments or corrective activities are triggered which may change that pattern. Objective monitoring and evaluation may reduce decisional space concerning EPA-accompanying policies and assistance, particularly of the most influential actors.

For the same reasons it is also not realistic to assume that decision making and policy implementation around EPAs will be based exclusively on sound information and analysis and that all stakeholders and policy makers have a natural interest in generating such information through monitoring systems (see Chapter 6.3). However, the fact that interest in an EPA-monitoring mechanism has been expressed by both parties (EU/member states and ACP governments) and a broad spectrum of state and non-state actors (NSA)[27] is therefore already an important "acquis" to build on.

27 Article 6 of the CPA distinguishes between:

a) State (local, national, regional, supra-regional) actors

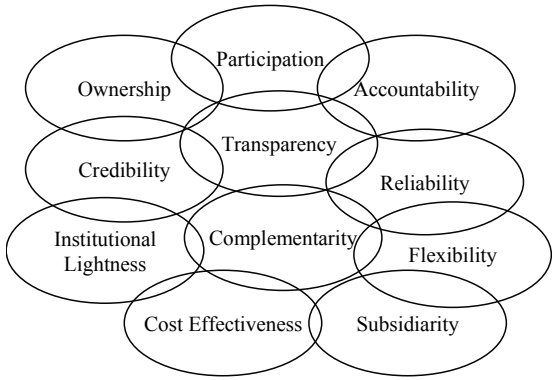
b) Non-state actors (divided in three categories: private sector; economic and social partners, and civil society)

3.4 General principles of EPA monitoring

One might argue that a number of general principles should be respected in designing EPA-monitoring mechanisms. Figure 3.1 illustrates those principles that have been identified and discussed during the consultations with stakeholders.

The need to understand the implementation, outcomes and impacts of EPAs and to have guidance for adaptive and corrective measures through monitoring has been expressed by many. At the same time, any monitoring mechanism and the information it delivers will be inherently political. If it is to be accepted to the maximum extent by all stakeholders, at least as a basis of discussion, the monitoring mechanism chosen has to follow certain principles, many of which are closely related.

Figure 3.1: General principles for the institutional design of an EPA-monitoring mechanism



Source: Own presentation based on workshop results

Although the classification in these three categories of non-state actors and the term civil society are debatable, this study in part uses this terminology in the following analysis, as it has the advantage of having the consent of all signatories to the CPA. However, in general more use is made of the term "stakeholder", which is more generic on the one hand and leaves more space for defining additional sub-categories on the other hand.

In general, a monitoring mechanism must be transparent and accountable in order to be credible, accepted and useful for and by the different stakeholders. The need for a transparent and accountable process of monitoring has in particular been emphasized by non-state actors and members of parliaments, who are usually less well informed about EPAs and policy processes. In addition, their concern is to make information on EPA implementation and the impacts of these agreements accessible to their respective constituencies.

Ownership by key stakeholders in the EU and the EPA regions is generally regarded as a crucial precondition for an effective monitoring mechanism. A number of interlocutors maintained that an early involvement of key stakeholders in discussions on the purpose and design of a monitoring system was the most promising way to achieve ownership. Others emphasized that ownership was also related to sufficient incentives for and capacity of stakeholders to contribute to monitoring and make use of the findings.

There was a broad consensus amongst those consulted that while it would be unrealistic to aim for grassroots participation, the institutional framework for monitoring EPAs should have participatory elements. These could, for instance, take the form of a systematic involvement of civil society and private sector organisations in monitoring bodies, a complaints mechanism easily accessible for non state actors, or efforts to promote the dissemination and discussion of findings of monitoring exercises to stakeholders via national and local media such as radio and newspapers.

Credibility of the institutional structures responsible for monitoring EPAs and reliability of the data generated by them were noted to be principles closely associated with ownership. In this context, some interlocutors expressed the view that a monitoring mechanism should build on institutions that were largely independent from the political institutions and interest groups mentioned above. They should not only collect and analyse data on standard indicators but also have the liberty to enquire on matters of concern to specific countries or economic actors. Others underlined that monitoring criteria and the institutional set-up for a monitoring system would always be negotiated by the different parties, and thus be "political". In their view, negotiated solutions would prove more credible and be more widely accepted than solutions designed with a view to scientific considerations only.

A mechanism that meets these criteria is also more likely to avoid some of the political challenges described above. If a broad range of affected stakeholders is involved in monitoring, can provide information and be informed about the

process, it will be more difficult to withhold information or use it in a strategic manner.

Subsidiarity was mentioned as a principle that should guide the assignment of roles for monitoring between the different hierarchical levels. Subsidiarity requires that matters be handled by the smallest (or lowest) competent authority. In the political sphere, this would mean that a central authority should only perform those tasks which cannot be performed effectively and efficiently at a more immediate or local level. Applying this principle to EPA monitoring it could be formulated as follows: Only those functions of EPA monitoring that can not be exercised effectively and efficiently at the national level should be assigned to the regional or even ACP level.

In consultations, much emphasis was put on the principle of flexibility of any monitoring mechanism. It was argued that such a mechanism should be able to adapt to changing requirements that may arise in the course of the implementation of EPAs. So whilst in the beginning the focus of monitoring may mainly be on the preparedness and the compliance of both parties with the provisions of the agreements, monitoring capacity needs and results would gain importance in the course of implementation, and even later outcomes and impacts.

Drawing on experiences with other monitoring mechanisms, a number of interlocutors argued that reflections on a monitoring mechanism for EPAs should be guided by the principles of institutional lightness. They underlined that experience shows that a complex and heavy institutional design often prevents a monitoring system from becoming operational or prevents monitoring data being produced in a timely manner.

Cost effectiveness was another principle mentioned during consultations. The participants in the consultations did not refer to any guideline or golden rule with regard to the costing of a monitoring system. They simply expressed concern that a monitoring system for EPAs could become rather costly if it were not limited to a small set of key indicators, given the many countries, sectors and stakeholders involved. They also drew attention to the fact that key stakeholders may either be unable to participate or able opt out of a participatory monitoring process if the opportunity cost is too high for them.

Looking at these principles together shows that there is trade-off between the principles of ownership and participation on the one hand and institutional lightness and cost considerations on the other hand. Building an EPA-monitoring system to whatever extent possible on existing data production

processes and looking for synergies and complementarity with other relevant M&E systems could help to strike a balance.

Proposals on how to operationalise and institutionalise these principles are found in Chapter 6, following a description of what EPAs could and should be monitored and how (in Chapters 4 and 5, respectively).

4 Scope and substance of EPA monitoring

In the last sections we have identified the various objectives of a monitoring exercise for EPAs as well as key principles that should be respected in the design of an institutional framework for monitoring EPAs. The present chapter addresses issues related to the identification of what exactly has to be monitored.

Evidence shows that monitoring trade agreements becomes more effective and functional if it is anticipated and specified in the agreement itself (ODI 2002). That is why it is important to start discussing the substance and scope of a monitoring exercise before the conclusion of EPA negotiations.[28]

Some key considerations to be addressed during the process of identifying the content of a monitoring exercise can be highlighted:

- The identification of the monitoring objects ('what') cannot be a substitute for the careful design of the EPAs themselves, with clear decisions on what needs to be done in order to achieve the objectives of the agreement and those of the CPA.[29] The concrete contents of the EPA legal text must be the basis for what exactly should be monitored.
- Monitoring should not be confused with a thorough evaluation. As discussed in Chapter 2, monitoring is a continuous process, with the main task of collecting and disseminating up-to-date evidence on capacity,

28 This is also most relevant if a benchmark approach is used to monitor EPAs, which has been suggested by some stakeholders (See Annexes 11 and 13 for some further reflections on EPA benchmarks and their possible integration in an EPA text).

29 The overall aim of EPAs is stated in the CPA as "fostering the smooth and gradual integration of the ACP States into the world economy, with due regard for their political choices and development priorities, thereby promoting their sustainable development and contributing to poverty eradication in the ACP countries" (ACP-EC 2000, Art. 34[1]).

compliance and results. Having made this distinction, the information gathered during the monitoring exercise should also serve as the basis for longer term evaluations that should feed into EPA-related policy making processes, including potentially the review of parts of the agreements.

– The purpose of monitoring (i.e. 'why to monitor', Chapter 3.2) directly affects the scope of the monitoring exercise, which leads to a potentially very large range of possibilities for monitoring objects. Choosing only one area to be monitored (or one set of indicators) is unlikely to lead to a satisfactory monitoring exercise. On the other hand, even if it might be tempting to adopt a very ambitious approach to cover interests and objectives of all parties involved, it should be kept in mind that this will likely lead to a very complex and time- and resource-consuming exercise. Thus focus is needed.

– Monitoring of results can and should take place at different levels, namely the input, output, outcome or impact levels (see Section 2.1). This is important as the often long time span between implementation of EPA provisions and visible changes at the impact level may make it necessary for a monitoring system to look at intermediary results which provide plausible indications on the direction of impacts (for a more detailed discussion of result chain analysis, see Chapter 5).

In the following section several options are explored on 'what to monitor'.

4.1 What to monitor?

It is not the aim of this study to select most relevant monitoring areas or to give advice on what to monitor concretely. The prioritisation, selection and sequencing have to be done by the stakeholders involved. It will depend crucially on the final legal text of the agreements and the priorities identified by the relevant stakeholders. It may thus differ between different ACP countries and regions. Instead, this chapter will present an overview of possible monitoring areas and address some obstacles as well as major contrary positions on the questions of what to monitor.

From the various consultations conducted for this study it became apparent that most stakeholders prefer a monitoring mechanism that goes beyond mere implementation and also includes impacts of EPAs on development objectives as well as the underlying capacity to implement and take advantage of the

agreements, accompanying measures and the framework conditions in which EPAs will take place.

Monitoring can cover different dimensions which can be summarised in the following categories:

- The *implementation* of EPA provisions (trade and development cooperation),
- EPA *results* (outputs, outcomes and impacts),
- The *capacity* to implement EPAs,
- The *enabling environment*, including accompanying measures, framework conditions and the EPA implementation process itself

It should be kept in mind that there are overlaps and inter-linkages between the different categories, and the following approach to classifying the monitoring 'objects' does not imply that an either-or decision has to be made in identifying the scope and content of a monitoring system. The actual EPA monitoring mechanism will most likely be a mixture of objects from the different categories.

Monitoring the implementation of EPAs

Monitoring the implementation of an agreement per se, not the achievement of its objectives could serve compliance purposes and is a necessary precondition for monitoring EPA results. Obviously, observed changes at the outcome and impact levels can only be the result of EPAs if their provisions (inputs) are in fact implemented. Hence, monitoring implementation is a necessary part of EPA monitoring.

Monitoring the results of EPAs

One area that has been repeatedly stressed by consulted stakeholders to be key for monitoring is the identification of positive or negative effects, thus the results of EPAs. Monitoring the results of EPAs should trigger certain policy adjustments, the formulation of appropriate accompanying measures and possibly the amendment of certain terms, where relevant. However, aims like poverty reduction are very long term and in any case influenced by many other factors. It will be difficult to establish clear causal linkages between EPA "inputs" and final impacts. This highlights the importance to look, in the frame-

work of a monitoring system, for intermediary results at the level of outputs and outcomes that plausibly indicate the direction of impact. In view of the large array of different possible provisions of EPAs, and thus of the even larger number of outputs, outcomes and paths towards changes at the impact level, careful definition and prioritisation of results to be monitored is required (for a discussion of how this prioritisation could be done, see Chapter 4.2).

Monitoring the capacity to implement EPAs

ACP countries have repeatedly claimed that supply side constraints, such as poor trade related infrastructure, weak institutions and lack of skilled labour, may prevent them from taking advantage of export opportunities created by trade liberalisation through EPAs. For example, as with other international trade agreements, EPA implementation may not induce any positive impact since the productive capacities are not in place to make use of them (e.g. tariff reductions or SPS agreement in the presence of supply side and SPS inspection constraints). Hence, before and during implementation the parties should assess the capacity of ACP countries, and different stakeholders within them, to implement EPAs and take advantage of their provisions (as suggested by Box 4.1).

These capacity assessments should lead to recommendations for accompanying measures and capacity building needs.

Box 4.1: Institutional preparedness and capacities in the private and public sector

During the workshop conducted in Kenya special emphasis was given to institutional preparedness as a precondition for any beneficial results of EPAs. In addition, stakeholders emphasized the need to monitor the capacity of both the private and the public sector.

- The public sector would need to have the capacity to design, formulate and implement necessary policies and programmes.
- At private sector level, it would be necessary to monitor whether producers have the needed capacity in terms of skills development, access to new technology, compliance with international standards, capacity to diversify and compete effectively, capacity for market and product development as well as capacity to access useful timely trade data and information on a regular basis. The latter is usually referred to as supply side constraints

Source: ECDPM-CUTS-FES Kenya workshop results, 23–24 Apr. 2007 (see Annex 4)

Monitoring the enabling environment

Accompanying measures may consist of internal policy adjustments and/or development assistance, usually a mix of both, combined in comprehensive programmes. The need for ancillary measures that will be a necessary complement to the opening of markets is widely recognised and will therefore most likely be part of a monitoring exercise. It may be that provisions for capacity building and development assistance are part of the EPA legal text as requested by ACP countries and regions, and in this case compliance with such commitments will also be monitored. In any case, a monitoring process that covers accompanying measures, EPA-related capacity building and trade-related assistance will establish a link between the trade provisions of EPAs and development assistance that may or not be enshrined in the EPA legal text. Since coherence between trade and development policy is a major argument in favour of EPAs, a monitoring mechanism that covers both jointly (including methodology, content and institutions) can potentially be a major instrument to assure such coherence.

EPAs will not happen in a vacuum and thus have to be seen in the broader environment, which ideally should be enabling. The framework conditions are meant to be those conditions beyond directly EPA-related areas. Framework conditions would typically encompass world market prices and general terms of trade, other trading regimes that affect EPAs, wider regional integration processes beyond EPAs and national macro-economic policies and conditions.

Inclusion of the enabling environment in EPA monitoring makes it possible to collect indications on the causes of the observed results that are not induced by EPA and related measures. This could also guide adjusting measures in the right direction. An example in Box 4.2 illustrates this.

Box 4.2: An example for uncertain causal relations illustrating the need for monitoring the framework conditions

A negative meat price and income change for livestock keepers may be due to:

a. increased meat imports from EU due to dumping or
b. very low prices for meat imports from third countries or
c. bumper meat production or stress sales due to failed crop harvest.

In case a. an EPA safeguard could be required, but in case b. an EPA-specific safeguard would not address the problem. In case c. non-border measures have to be taken.

Monitoring the framework conditions will help to see EPAs, appropriately, in a wider context and remind the stakeholders that despite the importance of EPAs they are far from influencing or explaining everything. They can assist in conducting a better policy dialogue.

Stakeholders consulted maintained that the involvement of a wide range of actors, apart from governments, would be vital to ensure the transparency, ownership and effectiveness of EPA implementation. Thus, instead of monitoring only the implemented EPA provisions and accompanying measures, monitoring the implementation process of the new partnership agreements itself could be also considered as an area of the monitoring exercise. This would go beyond the mere assessment of compliance with EPA provisions and would rather include cross cutting issues like ownership, transparency and the participation of different stakeholders.

Linkages between different monitoring areas

The categorization of broad impact areas above is rather stringent and might give the impression that these different areas are stand-alone monitoring exercises. However, there are strong inter-linkages and overlaps between the different monitoring areas. Some guiding questions which a monitoring system tries to answer show such linkages:

- Are EPA provisions implemented, and if not, why – due to capacity problems?
- What capacities are in place, are local policies and institutions adapted, and how are accompanying measures identified and implemented?
- Is an enabling framework in place, how does the environment influence EPA results and changes at the output, outcome and impact level?
- How does the combination of these factors influence changes at the results level, and is it possible to assess cause-effect relationships, in particular with respect to EPAs and EPA support measures?

The linkages between different monitoring areas are further discussed in Chapter 5, where they are integrated into an overarching approach to identify changes induced by EPAs as well as appropriate indicators (see Figure 5.1 for an illustration).

4.2 Between inclusiveness and efficiency

Credibility, transparency, and ownership are fundamental ingredients for the success of any monitoring exercise (Chapter 3.3). A workable but credible and owned monitoring instrument for EPA will likely be a combination of different monitoring objects corresponding to the different interests and needs of stakeholders. During different consultations conducted for this study it became apparent that also within each country the views of different interest groups differ substantially. For instance, while Kenyan producers often fear an increase of import competition, Kenyan consumer organisations maintained that they also expect benefits due to lower food prices.[30] Hidden agendas may further complicate the acceptance and design of an EPA-monitoring system (Chapter 3.2). A monitoring exercise should therefore be designed in a highly participatory approach to avoid situations in which concerns of single interest groups become too dominant or others are largely neglected.

An exhaustive monitoring will, however, not be possible. Involving too many priorities, as a result of the diverging interests of different stakeholders, entails the risk of broadening excessively the scope of monitoring and thus making the monitoring exercise, design and management very complex (which might also overburden ACPs' monitoring capacity). The need to maintain focus is thus essential and is confirmed by lessons in the existing literature (see Box 2.2). A prioritisation or sequencing of monitoring exercises therefore is inevitable, but criteria will have to be defined carefully.

Prioritisation could be done according to the chapters of the EPA text (e.g. trade measures, non-trade measures, development cooperation), the economic sectors (e.g. agriculture, fisheries, textiles, mining, etc.), the involved social groups (e.g. consumer, producer, farmers, etc.), or the most serious impediments to achieving the EPA goals. As examples of how such prioritisation could work, in both country workshops conducted for this study working groups undertook such prioritisation exercises, identifying key economic sectors and the EPA-related provisions (input) likely to be most important to achieving the related objectives (desired impact). Priority sectors identified by Tanzanian stakeholders are given in Box 4.3.[31]

30 For whole interviews, see Annex 4.

31 They may, however, not be complete; for instance, the tourism sector could be massively affected (particularly if services or investment issues are included), but no representatives of

Box 4.3: Results of EPAs expected in three key sectors in Tanzania

In the workshop in Tanzania, three economic sectors were expected to be most affected by EPAs:

i. Agriculture

ii. Manufacturing

iii. Fish industry

For each of the sectors, the EPA provisions most likely to have a larger impact were elicited and provided the basis for a results chain which, importantly, also included some possible negative impacts (for more details see Chapter 5).

Source: DIE-FES Tanzania workshop, 28 Feb. –1 Mar. 2007 (see Annex 3)

Further insights into prioritisation according to sectoral issues are provided in Box 4.4. dealing with agriculture, on which the Kenyan workshop focused. The example shows that several provisions of an EPA will impact a given sector, and it is a challenge to follow their impact in combination. Some participants of the Kenyan workshop maintained that the most important area to be monitored would be the capacity to formulate relevant policies and implement EPAs.[32]

Both examples are taken from the application of a "results chain analysis", which is further explained in Chapter 5 as a proposed key methodology for how to identify intermediary results of EPAs and the respective indicators.

To avoid a too complex and unmanageable monitoring exercise, parties could further decide to sequence different monitoring activities based on the relevance of the implementation process. According to this approach, monitoring of capacities and preparedness would come first and result in identification of capacity building needs. Accompanying measures such as sector reforms and

that sector were present. Only a nation-wide stakeholder forum, preceded by a thorough analysis of the EPA text and a sensitisation of stakeholders, can comprehensively determine the sectors to be affected by EPAs.

32 Going even more into depth could exclude some sub-sectors if the respective products are excluded from EPA liberalisation. However, such exclusion has to be done diligently, since there may be cross-linkages (for instance, rice may be excluded from import liberalisation into ACP countries, but wheat may be not, although it will also compete with local cereals).

EPA related assistance would then be monitored together with compliance with the EPA texts, in a second step. EPA results would be monitored according to the expected outcomes (e.g. exports, developed capacities, regional integration, imports, prices) and impact level indicators, which can be derived from the implementation schedule.

Box 4.4: Key policy areas in the Kenyan agriculture sector

In the multi-stakeholder working group in Kenya, participants decided to categorize the priority EPA-related input in three groups:

i. market access to the EU

ii. measures to address supply-side constraints

iii. development resources accompanying EPA

For each category, the key policy areas were specified more in detail and the respective goals attached to these were identified. For instance, market access to the EU was subdivided into EU tariff and non-tariff barriers, and under the latter category, EU rules of origin and sanitary & phytosanitary measures (SPS) were recognised to be the most serious impediments to Kenyan export growth. Under 'measures to address supply-side constraints', 'firm-level policies and support measures' were deemed crucial, and in this context both behind-the-border (such as fiscal incentives) and border interventions (such as tariff reduction to make imports of intermediary goods cheaper) should aim at value addition for the Kenyan industries. This exercise was done initially taking the example of the Kenyan agriculture sector, but it was recognised that this framework could be applied to other industries as well.

Source: ECDPM-CUTS-FES Kenya workshop results, 23–24 Apr. 2007 (see Annex 4)

Monitoring EPA-related reforms and adjustment policies should be linked as far as possible to existing monitoring mechanisms (like those designed in the context of PRSPs, aid for trade monitoring or national monitoring of policies, e.g. the Kenyan National Integrated M&E system for national policies (see Annex 4, point 1a), where possible, to avoid duplicating efforts. This is especially true for monitoring accompanying measures and framework conditions such as Trade Related Assistance, world prices, governance conditions etc., which are designed to address not exclusively EPAs but trade and macroeconomic policies in general.

According to the principles of subsidiarity (see Chapter 3.4), monitoring could be done by cluster (e.g. fisheries, agriculture, service, …) by respective organi-

sations at national or regional level. Annex 4 2., point 2b, provides a proposal on a Kenyan national monitoring system that would assign the tasks of monitoring specific clusters to the respective ministries. This may lead to splitting monitoring into several exercises, which may be considered as an option to handle the large amount of possible monitoring areas. Having different monitoring exercises, however, leads to the question of how to link and co-ordinate the different exercises.

5 Options for methodologies and instruments of EPA monitoring

The selection of an appropriate methodology for monitoring will have to be designed in line with the main principles and requirements identified in Chapters 3 and 4. Principles include credibility, mutual ownership, transparency, participation, quickness and simplicity but also comprehensiveness, flexibility as well as cost effectiveness and therefore compatibility and (as far as possible) linkages with existing monitoring systems. The shape of an EPA-monitoring mechanism would depend on partners' needs and willingness to devote resources to it – the full range of monitoring areas encompasses EPA implementation capacities, the implementation process and the level of implementation, accompanying measures both nationally and through development assistance, results orientation and the wider enabling environment of EPAs.

A broad range of methodologies and approaches has been developed to monitor and evaluate the impacts of development projects and programmes. Box 5.1 presents an overview of a selection of important approaches, selected according to EPA-monitoring needs.

Box 5.1: Overview of selected monitoring and evaluation approaches

The logical framework approach

The logical framework (LogFrame) helps to clarify objectives of any project, programme, or policy. It assists in the identification of the expected causal links – the "program logic" – in the following results chain: inputs, processes, outputs (including coverage or "outreach" across beneficiary groups), outcomes, and impact. It leads to the identification of performance indicators at each stage in this chain as well as risks which might impede the attainment of the objectives. The LogFrame is also a vehicle

for engaging partners in clarifying objectives and designing activities. During implementation the LogFrame serves as a useful tool to review progress and take corrective action.

Theory-based evaluation

Theory-based evaluation has similarities to the LogFrame approach but allows a much more in-depth understanding of the workings of a programme or activity – the "program theory" or "program logic." In particular, it need not assume simple linear cause-and-effect relationships. By mapping out the determining or causal factors judged important for success, and how they might interact, it can then be decided which steps should be monitored as the programme develops, to see how well they are in fact borne out. This allows the critical success factors to be identified. And where the data show these factors have not been achieved, a reasonable conclusion is that the programme is less likely to be successful in achieving its objectives.

Performance indicators

Performance indicators are measures of inputs, processes, outputs, outcomes, and impacts for development projects, programmes, or strategies. When supported with sound data collection – perhaps involving formal surveys – analysis and reporting, indicators enable managers to track progress, demonstrate results, and take corrective action to improve service delivery. Participation of key stakeholders in defining indicators is important because they are then more likely to understand and use indicators for management decision-making.

Formal surveys

Formal surveys can be used to collect standardised information from a carefully selected sample of people or households. Surveys often collect comparable information for a relatively large number of people, in particular target groups.

Rapid appraisal methods

Rapid appraisal methods are quick, low-cost ways to gather the views and feedback of beneficiaries and other stakeholders, in order to respond to decision-makers' needs for information.

Participatory methods

Participatory methods provide active involvement in decision-making for those with a stake in a project, programme, or strategy and generate a sense of ownership in the M&E results and recommendations.

Source: World Bank (2004)

What is important to note is that these approaches are not all mutually exclusive but can, should and usually are combined to some extent in most monitoring and evaluation systems, though with limitations according to the features of each one:[33]

For instance, logical frameworks can acknowledge more complex relations between activities and impacts, thereby approaching the theory-based evaluation logic. However, complex statistical analyses are usually not applied in logical framework-type information gathering, and the one-dimensional regard of indicators, without looking into (statistically detectable) interdependencies typical for theory-based evaluations, may unduly reduce the complexity of the real world problems of policies. Another limitation of the logical framework approach is that it can only take into account foreseen (positive or negative) impacts, on unforeseen impacts it is *a priori* blind.

On the other hand, theory-based evaluations, particularly if combined with statistical methods, often require long time-series of data which in poor countries are rarely available in the necessary quality. Data for the period before the policy changes to be analysed may be of no relevance for the evaluation, thereby requiring several years of unchanged policy and data collection before such an analysis can be carried out. For many policies which affect the quality of rules and institutions (e.g. rules of origin, competition rules), there are hardly any quantitative indicators available.

Performance indicators are usually integrated into logical frameworks at several levels, from inputs to outcomes and impact. How such indicators are gathered is another question: Formal surveys may be an exception for regular policy monitoring in developing countries because large, nation-wide surveys are very expensive and not quickly available. However, for instance in PRSP monitoring, household surveys play a prominent role, though in longer intervals of several years, making them less suitable for monitoring. Many national statistics are based on surveys, including, for instance, many crop yield and production or price statistics, and could be used for policy monitoring.

Rapid appraisal and participatory methods would certainly not be applied at the grassroots level for monitoring policies, but used to take into account the

33 For more comprehensive reviews of monitoring and evaluation systems, see the corresponding literature in the reference list, particularly World Bank (2004) and the literature mentioned there.

opinions of non-state actors at the national level, they provide very useful tools. They are particularly valuable for taking into account unforeseen effects of policies and detecting underlying reasons, processes and influences without having to rely on very complex multidimensional (and often still incomplete) theory-based approaches. They involve some risks of bias since many of those who provide information are at the same time stakeholders, i.e. have some stakes in the policy and are therefore not neutral towards the outcomes. On the other hand, participation and involvement of stakeholders has been declared to be a key for successful EPA monitoring for creating ownership and using internal knowledge. Therefore, a good mix of "objective" and "subjective" information will have to be integrated into EPA monitoring.

However, little practical experience exists so far on monitoring economic policies in general and trade and trade-related assistance in particular (see Annex 6).

5.1 Results chain analysis as framework for EPA monitoring

Taking into account the principles and requirements of EPA monitoring as well as the features of different monitoring methods, the result chain approach was found to offer many interesting features. The result chains approach provides a systematic framework for identifying expected effects (both positive and negative) at different levels of results, and due to a given set of inputs (i.e. EPAs and accompanying measures) it facilitates the targeting of monitoring areas and the subsequent definition of indicators. However, it has also some important flaws which are important to recognise. Therefore, other monitoring approaches are also recommended.

Arguments for results chain analysis

Results chain analysis is a merger of different approaches that makes it possible to accommodate the different demands of EPA monitoring:

- The approach allows for rather complex cause-effect relations (including combined and contradictory effects and negative impacts of some "inputs") that may be reasonably assumed for EPAs and accompanying measures.
- It makes it possible to systematically identify result indicators that are useful for monitoring (as opposed to evaluation, see Chapter 2), i.e. quick, indicative; on the output and outcome level rather than on the impact level;

not answering fundamental questions and raising fundamental discussions, but able to guide EPA management decisions. There is space for quantitative as well as qualitative data within the results chain framework.

i. Quantitative indicators would form the backbone of the system in order to provide "objective" orientation data. For implementation monitoring, indicators such as tariffs and development assistance would be used. For impact monitoring, performance indicators such as trade volumes, price, investment, employment and income data (based on national statistics and probably surveys) are most likely to be chosen. Where available, links should be established to poverty and, more generally, Poverty Reduction Strategy (PRS) – monitoring systems. For environmental sustainability, indicators describing the status of key resources affected by EPAs could be defined and/or searched for in the existing statistical systems. For monitoring the framework conditions, national and international comparative databases can be drawn upon.

ii. There is ample space for qualitative and participatory approaches in several respects: in the definition of the monitoring areas, the result chains, the formulation of indicators, indicators can be themselves qualitative and participatory in nature. The embedding of the monitoring exercise in the policy cycle (see Chapter 2 and Figure 2.1) can and should be participative in nature.

Some apparently attractive alternatives to results chain analysis have been screened but were found to be less appropriate for EPA monitoring: Open approaches (e.g. Most Significant Change [MSC] approach, Davies / Dart [2005] or Method for Impact Assessment of Programmes and Projects [MAPP], Neubert [2004]) do not assume pre-determined changes but ask for changes at the impact level (i.e. poverty) ex post and then try to identify the importance of the intervention in question amongst the array of other factors having contributed to change. One drawback is that they rely exclusively on consultations with stakeholders, which provides little chance to avoid bias in perception or communication. Stakeholders may not be able to link changes at impact level to EPA provisions over the long impact chain - most people would certainly need quality information to be able to make an informed judgement on these cause-relation chains. In addition, due to the wide range of actors potentially affected by EPAs, it is a challenge to identify all relevant representative stakeholders or organisations (if available) to be consulted.

Another drawback of these approaches is that they look at impacts only *ex post*, which requires a larger time frame than would be acceptable for monitoring. Consideration of intermediate results (outputs, outcomes) that are important for timely indications of change are not systematically taken into account. Other alternatives sometimes indicated for EPA monitoring are more instruments for evaluation, and they are too time, data and skill consuming for ongoing monitoring – sustainability impact assessments, Computable General Equilibrium Models or other trade policy assessment methods (see Annex 6).

The proposal on the results chain analysis as central framework for EPA monitoring is also in line with some recent works and recommendations on policy monitoring: An overview of methodological approaches compiled for the World Bank (Baker 2000, 11) points out that a "theory based" evaluation (see Box 5.1) that describes the intermediate "micro-steps" between the measures and the expected impact can be useful for assessing the impacts of complex policies. A study by Kirkpatrick and Lee (2002) elaborating a general methodology for ex ante Sustainability Impact Assessments of trade agreements states: "Causal chain analysis[34] should provide a useful structured framework for monitoring the impacts on sustainable development resulting from the implementation of a trade agreement .... These *ex post* studies should consider not only the economic, environmental and social impacts resulting from the trade agreement (i.e. the *end products*) but also the outcomes on each of the more important links within the causal chain (i.e. the *intermediate* products). This will provide a deeper understanding of the sustainability impacts of trade agreements and of the mechanisms through which they have resulted."

Finally, also the generic Monitoring of Policy Impacts (MPI) approach developed by Metz (2005) for Food and Agriculture Organization (FAO) as a policy management instrument recommends that results chain analysis be applied in a logical framework context (see Box 5.2).

However, using anticipated results chains as a guideline for identifying issues and indicators for EPA monitoring also has some important drawbacks which have to be corrected by appropriate measures throughout the process:

- They do not take into account unexpected results (which may be considerable in the case of EPAs, with their weak information base), and
- They do not provide an answer to the question of which criteria should be used to judge the monitoring findings.

34 A method similar to results chain analysis.

– Finally, they do not a priori indicate the right mix between quantitative and qualitative as well as objective and subjective indicators; but that is a flaw which every monitoring methodology has to deal with.

These issues will be further discussed in later sections of this chapter. Before, the terminology of results chain analysis for EPA monitoring is clarified.

Box 5.2: The generic Monitoring Policy Impacts (MPI) approach

Monitoring Policy Impacts (MPI) is designed as a policy management instrument, to be applied to improve the efficacy of policies in reaching their objectives. MPI is conceived to identify diversions of reality from plan when they occur, as well as the causes of such diversions, thus allowing immediate corrections, if required, and respective adjustments in policy design and implementation.

MPI focuses on:

– policies rather than on programmes and projects, but considers monitoring of programmes and projects to the extent that they form part of a policy implementation strategy

– impacts rather than on implementation, but taking into account that monitoring of the implementation process is a prerequisite for tracing impacts

– monitoring rather than evaluation, accompanying the implementation process and putting emphasis on the generation of current evidence on performance and impacts which allows real-time adjustments in policy, programme and project design and/or implementation if deemed necessary

An MPI should be conducted in eight methodological steps:

Step 1: Initiation and preparation of MPI

Step 2: Review and analysis of the policy to be monitored

Step 3: Development of impact model

Step 4: Selection of indicators

Step 5: Research design

Step 6: Data collection / survey execution

Step 7: Data compilation, processing and analysis

Step 8: Communication and presentation of results of MPI to policy makers, clients, public

Source: Metz (2005)

Proposed terminology and concept for results chain analysis in EPAs

There is no uniform terminology in the literature for the proposed approach on monitoring and evaluation. The overall concept is referred to as “causal chain analysis”, “impact chain analysis”, “impact routes" or other terms. The models usually refer to a sequence of steps or levels through which an input passes into a development process to translate into an impact. The terminology on the different steps is also not uniform.

A common understanding of the EPA-monitoring terminology, however, is not only of overarching importance for conceptualising EPA monitoring but even more crucial for its implementation in a large number of countries with very different capacities, languages, monitoring track records, etc. This paper will propose the harmonised terminology agreed in the OECD Development Assistance Committee (DAC) for a results-based management (see Box 5.3) applied to the different types and levels of EPA inputs and results.

Box 5.3: Adaptation of the results chain approach to the EPA context

Inputs are the financial, human, material, technological, administrative and regulatory resources provided by the government and donors. In the context of EPAs commitments to change certain policies can be considered as inputs.

Example 1: Commitment to reduce import tariffs for livestock imports

Example 2: The establishment of a fund for informing horticulture co-operatives and assisting them to meet phytosanitary standards for exports to the EU (can be committed to in the EPA text or as a formally independent accompanying measure).

Results are changes in a state or condition which derive from a cause-and-effect relationship. The three types of results (which can be positive and negative) are outputs, outcomes and impacts.

Outputs are the products and services which result from the use of inputs. Outputs can be completely controlled by the responsible institution. In the EPA context, these would be the actual policy changes, e.g. effectively lower applied tariffs or application of simplified rules of origin. The output may differ from the input, e.g. if tariffs were not applied in the first place, or the reduction is not implemented.

Example 1: Lower applied tariffs on livestock imports

Example 2: Information and assistance workshops are held for members of horticultural co-operatives, who then are better informed on phytosanitary standards of the EU.

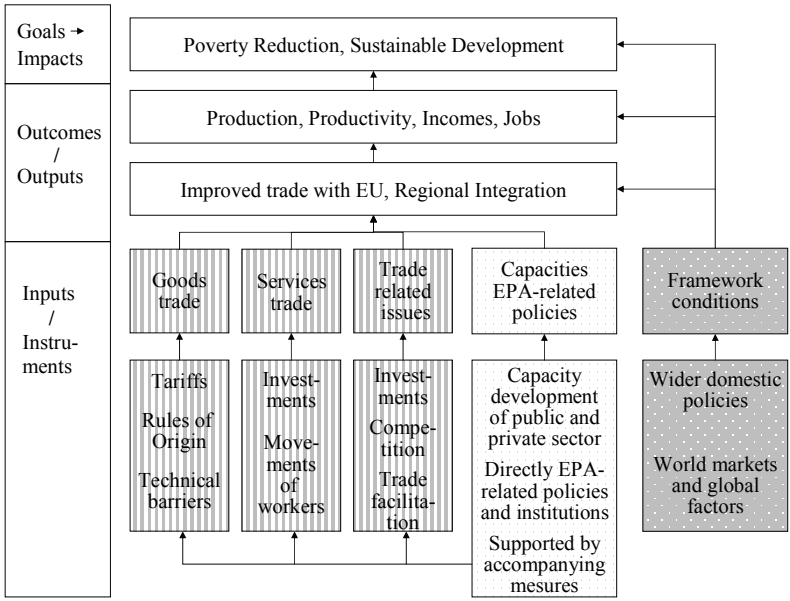
Outcomes refer to the results in terms of target group benefits.	
Example 1:	Increased intra-regional livestock trade (direct outcome) Higher incomes for livestock producers in exporting countries (indirect outcomes)
Example 2:	More vegetable producers comply with phytosanitary standards of the EU (direct outcome)
	Vegetable exports to the EU increase (indirect outcome)
	Safety standards in handling pesticides are improved (indirect outcome)
	Higher income for vegetable farmers and farm workers (indirect outcome)
Impacts are the long-term consequences of the outcomes. They measure the general achievements of objectives in terms of national development and poverty reduction, but also include negative and unintended effects.	
Example 1:	Income poverty amongst livestock herders has been reduced
Example 2:	Income poverty amongst vegetable farmers (and farm workers) is reduced Health problems related to pesticides are reduced

Source: OECD (2002) and own examples

Figure 5.1 provides an overview of the linkages of the different broad monitoring areas and the OECD / DAC terminology, with causal relations assumed from the bottom (inputs) to the top (impacts). Box 5.3 gives further definitional clarification and some examples of how the terminology of results-based monitoring can be applied to EPAs.

The three inputs in the dotted lower left cells are examples for EPA provisions that are expected to be implemented. The white cells in the upper half are results, with the impacts at the level of EPA (and CPA) development goals overarching a wide range of intermediate outputs and outcomes. The dashed lower middle right cells are accompanying measures, capacity building or domestic policy inputs that should aim at influencing the capacity of ACP countries toimplement EPA provisions and support EPAs objectives, regardless of whether they will be binding provisions of EPAs or not. The grey outer lower cells form the enabling environment for EPAs, they may be objects of EPA monitoring but are not part of the EPA policy system. However, this general

Figure 5.1: Linkages between broad monitoring areas in a results chain approach



Source: Own design

picture does not yet tell us much about the specific issues to be monitored in a given EPA.

Steps in applying the results chain framework

Since the results chains for policy packages like EPAs (plus accompanying measures) are inherently complex, any attempt to monitor all possible linkages and transmission mechanisms would be extremely demanding and probably not feasible – focus in monitoring is an absolute requirement (see Chapter 4). Decision on the focus can be based on an *ex ante* impact assessment and/or consultations with representative stakeholders and scientists (Metz 2005; PwC

2007). Hence, the identification of results chains could probably be achieved best in a step-by-step approach (which might entail more detailed sub-steps):

1. Determination of general areas that will be monitored regardless of country focus. These will be particularly EPA implementation and trade flows. In addition, development assistance for EPAs would certainly be among those general areas if it is decided to include them in EPA monitoring. Information in these areas is indispensable for several reasons: to assess the genuine effects of EPAs on trade flows to the EU, to the ACP countries, and within regions; for perceiving sector differentiation and indicating potentially problematic developments; for triggering safeguard mechanisms. Such general areas of monitoring could also include some aspects of the framework conditions (such as general terms of trade for individual countries and ACP regions, general economic governance indicators such as the doing business indicators, etc.), or general trade capacity. Indicators on framework conditions can be obtained easily and at low cost from international indicator data bases (see Chapter 5.2.1).

2. Identification of the key sectors and issues where the largest risks and opportunities are expected to be triggered by EPAs (see Box 4.3 for an example). This exercise has to be participatory and should involve a very broad range of stakeholders and government agencies. It must be taken into account that some specifically vulnerable sub-sectors may have been taken out of EPAs or will be liberalised only with a long delay (for instance sensitive agricultural goods). These sub-sectors can probably be left out of EPA monitoring, or their monitoring can be delayed. According to the general EPA schedule, a sequence of the anticipated changes in the identified key sectors and issues can be established. This sequence would provide the schedule for the further steps which have to be carried out by sector or issue.

3. Based on the second step, experts on the selected area/sector from government and NSA could identify a detailed results chain (see Figure 5.2 for an example) or a set of several chains (see Box 4.4. for how EPA provisions can provide the starting points for setting up result chains).

4. Indicators have to be proposed and attributed at the different levels of inputs, outputs and outcomes (see Figure 5.2 for how some indicators are

attributed to a results chain, and Box 5.4 for further examples of indicators at the outcome and impact level). The availability of data, timeliness, quality and prices/costing of possible indicators are important information to be collected, and for a pre-selection be made.

5. The individual result chains must be merged where appropriate. In many cases, partial results chains will overlap in some aspects. For instance, independent results chains for export agriculture and import of agricultural products can converge in the same farming systems, or result chains departing from different instruments such as tariffs or investment could touch the same industries.

6. A final selection of indicators must be made on the basis of criteria mentioned in step 4.

For each critical sector, a rule of thumb could be to select up to 10 indicators, including capacity, implementation, process and results, but a definite limit is certainly difficult to determine given the complexities of EPAs and the needs of stakeholders for different types of information. It must also be taken into account that some indicators will be of a composite nature, for instance tariff, trade and price data have to be compiled for many goods, implementation of rules of origin or of SPS aspects of EPAs will have to combine quantitative and qualitative aspects, income data for several subgroups of society and may then be aggregated into an index.

Flexibility should be an important feature of any EPA-monitoring system (Chapter 4.2). This must also apply to the selection of monitoring areas and indicators. Some selected areas may prove to be of low relevance, while others, which may not be (sufficiently) perceived initially, may prove to be highly sensitive. The latter will particularly occur for unexpected results which can only be detected through open monitoring instruments, which should be adopted in complementing the results chain approach (see Chapter 5.4). There should also be sufficient flexibility in the monitoring system to add selected new aspects, for instance during regular revision of the basic result chains during assessment phases (national and regional policy dialogue) of the monitoring reports (Chapter 5.4).

Box 5.4: Results of EPAs expected in three key sectors in Tanzania

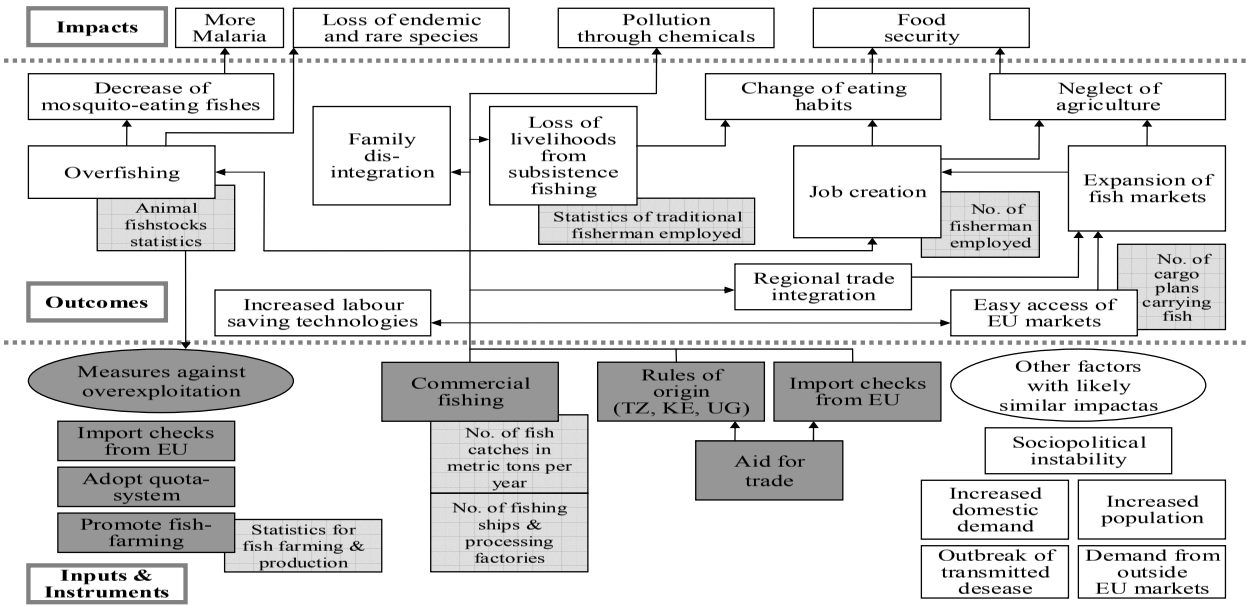
For each of the three sectors covered in the Tanzania workshop, a list of possible indicators at the level of outcomes and impacts was established. While these lists would have to be completed and screened for their usefulness in EPA monitoring according to criteria set out in the text, they do provide a good impression of the range of options.*

*Note that some indicators would have to be further specified.

Agriculture	Manufacturing	Fish Industry
- Agriculture value added per worker - Cereal yield - Growth in agricultural value added - Agricultural policy costs index - Crop production index - Livestock production index - Volume of exports - Volume of imports	- Firms' sales - Proportion of large firms - Change of technology in manufacturing - Growth of export manufacturing - Ratio of export to production - Export of primary goods - Consumption of local goods - Foreign direct investment - Labour productivity - Industry productivity	Positive impacts - Job creation indicators (Number of fishermen employed in the fishing sector) - Commercial fishing indicators (Number of fishing ships and processing factories, Data on fishing capacities, Trade volumes overall) - Increased support for hygiene standards - Indicators (Expenses in investment & capacity building, Share of fish export rejected, Number of fish in metric tonnes per year in commercial fishing) Negative impacts - Loss of subsistence livelihoods - Indicators (Number of subsistence fishermen over time, Statistics on traditional fishing boats, Change of eating habit - level of protein in diets (surveys) - Overfishing - Indicators (Annual fishing statistics, Number of subsistence fishermen over time, Statistics on traditional fishing boats)

Source: DIE-FES Tanzania workshop, 28 Feb. – 1 Mar. 2007

Figure 5.2: Example of an EPA result chain – the case of fish exports in Tanzania



Source: own design based on DIE Tanzania workshop, 28 Feb. - 1 Mar. 2007

Technically, steps 3 to 6 are the most demanding parts of the methodology. As was pointed out above, and affirmed in the workshops, result chains are not linear (with one input leading to one output which affects only one outcome which in turn affects only one impact), but usually more complex: one output influences more than one outcome – e.g. reduced tariffs result in increased imports and lower government revenues – and at the same time one outcome usually is influenced by more than one input – e.g. increased exports can be the result of a combination of simplified rules of origin and improved compliance with standards. Therefore, a monitoring system must not limit itself to investigating the effectiveness of individual policy measures but instead must particularly examine the adequacy of the overall package.

The impact chains also have a time dimension which needs to be considered. Policies as "inputs" often need time before the outputs (such as operational institutions) essential to their implementation are available. Also, outcomes only emerge after a certain time and often many years must pass before they become fully effective.

In the workshops in Tanzania and Kenya, steps 2, 3 (and partially 4) could be carried out in spite of a very limited time frame (one day only) and a less than comprehensive representation of stakeholders (see the boxes and figures mentioned). With more time and a more systematic selection of participants, it is certainly possible to define result chains of a quality sufficient for a comprehensive monitoring system. This could also include the definition of indicators (more on indicator selection in the next chapter, 5.2). Some lessons on results chain analysis and indicator selection can be learned from the workshops:

- It is possible and recommendable to construct results chains both from a sector perspective (which effects for a given sector can be expected from different EPAs provisions) and from on an EPA-provision perspective (which effects can a given EPA provision have on different sectors), and later combine them.
- Results chains tend to be unrealistically complex and go too far in the attribution of indirect effects (e.g. from lack of income to criminality). A necessary part of the results chain analysis must be to draw realistic system borders where EPA impacts are blurred by impacts from other framework conditions.

- Experienced sector policy specialists must guide working groups in order to provide initial orientation, detailed knowledge on studies, existing monitoring systems, sector weaknesses etc.
- Statisticians would need to assist experts and working groups in order to provide insights into quality standards of existing indicators and issues to be taken into account for indicators to be established (practicality, costs, etc.).
- In order to select cost-effective and realistic indicators on the base of result chains, experts and statisticians should assess which data are available at what price and compile a list from which to chose informational value for money. If this step is not taken, some results chains, and particularly those with far-reaching assumptions, quickly risk becoming inoperational.
- Moderation skills are crucial in order to foster discussions and include stakeholders with sometimes very different knowledge and skills.

5.2 Selection of indicators for EPA monitoring

A monitoring system relies on meaningful and reliable indicators which are either readily available or can be generated and updated on a regular basis. The latter should be considered if important implementation decisions are contingent on information that is not readily available.

The selection of good indicators is a crucial issue in any monitoring system. One collection of features of a good indicator is summarised in Box 5.5. There are numerous other attempts to guide indicator selection.[35] In selecting any sort of indicator, it is important to pay attention to the trade-offs that exist between the different criteria. It certainly does not make sense to watch an indicator over time if its likely measurement error is greater than the expected changes in its value due to policy changes. For practical reasons, the validity of the indicator might have to be weighed against other qualities and thus a second-best solution chosen, for example because it is faster or considerably cheaper or more complete in other aspects. However, such data must then not be over-interpreted.

35 For more details, cf. textbooks on empirical research or M&E divisions of development agencies or see Monitoring and Evaluation News (www.MandE.co.uk).

Box 5.5: Features of a good indicator
A good indicator – is a direct and unambiguous measure of progress—more (or less) is unmistakably better; – is relevant - it measures factors that reflect the objectives; – varies across areas, groups, over time, and is sensitive to changes in policies, programmes, and institutions; – is not easily diverted by unrelated developments and cannot be easily manipulated to show achievement where none exists; and – can be tracked (better if already available), is available frequently, and is not too costly to track.
Source: World Bank, PRSP monitoring and evaluation

Usually, given the very wide array of results that an EPA monitoring can potentially deal with (by sector, impact type, actors and institution, etc., see Chapter 4), and since appreciation of data availability and quality varies widely across countries, indicators have to be chosen jointly by EPA stakeholders with the help of national sector specialists and statisticians. This holds regardless of whether they are chosen among indicators readily available, whether they have to be newly generated through analysis and/or combination of already existing data, or whether they have to be created through genuine data collection. Only national specialists will know what is available and feasible.

5.2.1 Sources for indicators

National statistics

In almost all countries, a significant number of indicators in areas related to EPAs should exist (though many may be incomplete, inaccurate or not up-to-date):

– In most countries, trade data are relatively easily available. Sometimes, for certain products such data are even generated several times, for instance by customs administration and specific boards. Their reliability is, how-

ever, often weak, particularly in the poorest countries, where government services are often understaffed, poorly equipped and suffering from corruption. There are striking examples that trade data for key commodities under such circumstances do not even indicate the direction of change (e.g. Baffes 2002 for cotton in Tanzania, or for intraregional trade Meagher 2003 and UNECA 2004).[36] The use of mirror data from the EU can only partially compensate for the lack of reliable national data because of coherence problems of timing, attribution, fob (freight or free on board) versus cif (cost, insurance and freight) data, etc. In many cases, transmission and consolidation at the national level must be improved or accelerated. This is particularly important if safeguards against import surges are to be triggered by trade data. The same is true for import price information. In the area of trade data, important synergies can be achieved for EPA monitoring if combined with trade facilitation and capacity building efforts.

– Other economic data will form the bulk of the output and outcome indicators, especially prices, production, consumption (see Table 5.1). If they are to serve EPA-monitoring purposes they have to be disaggregated by sectors, regions, and other relevant criteria, e.g. gender of producers or size of companies. Such data are usually even less readily available than trade data, but for selected cases they exist. Since they are also (potentially) relevant for informing other policies, the EPA-monitoring mechanisms should co-operate closely with theses sector policy networks. Often, particular attention will have to be made on data reliability and timeliness, support in the form of capacity development, of payments for data or association of non-state actors as a control mechanism can enhance these.

– At the level of impacts on final goals of EPAs (poverty, environmental sustainability, etc.), in many poorer ACP countries indicators are collected for monitoring PRSs (Baker 2000; GTZ 2004). The advantage of such internationally accompanied poverty monitoring systems is that they have (in principle at least) developed over the years to allow for disaggregation according to regions, vulnerable groups and gender. Better-off countries

36 A very relevant problem is the compilation of customs data (generated usually for revenue reasons only) into trade data reflecting volume, value and direction of trade at the necessary levels of disaggregation (6- to 8-digit in the HS-format). Only then can changes in trade flows be attributed to changes in tariffs.

do not always have internationally backed PRSs and associated poverty monitoring, and if poverty-related statistics are available at all, their international comparability may be questionable. MDG indicators are usually available for almost all (developing) countries, but some of these data are only produced in long intervals and are therefore of little use for EPA monitoring. A poor data situation may also be given for environmental indicators. In any case, data on poverty and environmental sustainability is often readily available at national level only, sub-national level data will only be available by going back to the original (often not easily available) data bases. Thus, identifying impacts of EPAs, which will be concentrated on special (liberalised) sectors, will at least require additional analysis of existing data (if such data is available). It should be kept in mind that creating entirely new data at the impact level for EPA-monitoring purposes would require substantial funds and capacities.

Table 5.1: Selection of international databases by broad monitoring area

Trade	UNCTAD, UN-Comtrade, WTO, UNDP
Economic Development (incl. agriculture and infrastructure)	UNDP (Human Development Indicators), FAO, UNIDO, World Bank, MDG indicators
Investment Climate	Earth trends, Bertelsmann Transformation Index, World Bank (doing business)
Economic Governance	Freedom of the World Index, Bertelsmann Transformation Index, Afrobarometer, Corruption Perception Index
Poverty and Nutrition	Millennium Development Goals (MDG) Indicators, FAOSTAT, Earthtrends
Health and Education	UNDP (Human Development Indicators)
Development assistance	OECD, EUROPAID

Source: own compilation

– The potential synergies between EPA monitoring and the monitoring mechanisms for Aid for Trade (AfT), proposed by the World Trade Organization (WTO) and to be adopted by the EU, are obvious, but may be tricky in detail (see Box 7.2). Particular attention has to be given to definitions and separate accounts for different types of AfT, EPA related assistance etc. For instance, some support for supply side constraints or for compensation of government revenue losses from EPA tariff reductions is not part of the current more narrow definition of AfT used by the EU to define trade-related assistance and capacity building until now. Fiscal support as well as assistance to the productive sectors and trade related infrastructure is, however, part of the wider definition of AfT endorsed by all OECD members, including the EU. There is need for clarification between partners regarding monitoring of both inputs and impacts of the various categories of AfT. Arguably, EPA-related assistance categories need to match international AfT classifications.

It has to be reiterated that assessing (and improving) the capacity and quality of national statistical systems and statistics is crucial for EPA monitoring, particularly if important decisions such as safeguards are to be triggered by such indicators. For further discussion, see Chapter 6.2.

International databases

Increasingly, a wide range of statistics and indicators are produced or compiled by intergovernmental agencies and international NGOs. Most are easily accessible via the Internet. They can provide important information on the framework conditions or general impact level, such as terms of trade, general quality of governance, level of education, health status, and others (see Table 5.1).

In Annex 9, a selection of the most prominent databases for the broad monitoring areas of EPAs is compiled and the indicators are listed (Governance, Economy, Poverty, Sustainability, Trade Development Assistance, Tables A93–A9.8). For Tanzania, Annex 9 presents the most recent data from the above mentioned international databases, and notes whether they have actually been surveyed for that database, from other international databases or compiled from national systems (Tables A9.9–A9.14). Both compilations can serve to inspire and guide the selection of indicators during a results chain design exercise. In many cases even national experts are not aware of these data bases for their countries (though they may know the original sources and may be able to asses the quality of the [underlying] data).

There are also attempts to provide composite indicators specifically for trade policy. The trade and development index (TDI) of United Nations Conference on Trade and Development (UNCTAD, Box 5.6) provides a good example of a composite indicator (for the whole set of indicators in the background, see Annex 10). TDI values can serve as a tool to track progress of countries in respect to trade and development performance across countries (TDI rank) and over time (TDI score or rank). This can also be used for EPA-monitoring purposes, where the TDI can serve as an indicator to compare the performance of the ACP countries with that of a "control group" of countries in a similar situation.

Despite the advantages of these international databases, particularly availability, they also have disadvantages for EPA monitoring. One is that, even less

Box 5.6: UNCTAD Trade and Development Index

UNCTAD developed a Trade and Development Index ranking 110 countries on the basis of how well they manage the complex interplay of factors that determine both trade progress and human development. The index is based on several assumptions: that the contribution of trade to development depends to a large extent on the context in which it works; and that the trade and development performance of a country can not be seen as the mere sum of economic growth and export performance. In looking systematically at the interactions among different factors that determine trade and human development outcomes, the TDI has three main functions: (i) monitoring the trade and development performance of countries; (ii) diagnosing and identifying factors affecting their performance; and (iii) providing a policy tool for national and international action to keep trade focused on development and poverty reduction.

The TDI considers three sets of determinants of trade and development performance, referred to as dimensions (structural and institutional factors; trade policies and processes; and level of development). Each *dimension* is composed of a number of *components*, which are derived from a set of *indicators*. The relationship among the components is considered to be complex, mutually interacting and multi-dimensional, and thus each of the components is seen both a cause of change in others and an outcome of the influence of the latter.

The TDI is then the weighted sum of the components. A higher value reflects a higher trade and development performance. An increase of TDI over time reflects an overall improvement of a country performance. The TDI ranking gives an assessment of countries performance relative to other countries or a change in relative performance (in comparison to others) over time.

Source: UNCTAD (2007), see Annex 10

than national data, they are not directly linked and linkable to EPAs, which would require sector or sub-sector level data. Ownership could be a problem at least with some of them (e.g. corruption indices). Quality should be a concern, too - in many cases international indicators cannot be better than the national statistics they are derived from. As argued above, these are often very weak. If composite indicators are used, consideration should be given to what primary indicators have been used to construct them (risk of "garbage in - garbage out"). In any case, a careful analysis of the methodology for the determination of any indicator is indispensable. Another disadvantage is that international databases do not always include all ACP countries. However, a cautious use of international databases will in many cases be better than not to use them in view of the limited capacities in ACP countries and realism concerning capacity building for generating new indicators.

Indicators specifically developed for EPAs

It is very likely that some indicators will have to be developed specifically for EPAs. This seems necessary for several reasons: the general (international) databases are not specific enough to be very sensitive (see Box 5.6) to changes induced by EPAs; some requirements (monitoring capacities, EPA processes, EPA accompanying measures) ask for EPA-specific indicators; the dimensions of EPAs, opportunities and risks, are sufficiently large to justify such efforts (see Chapter 4).

The indicators to be developed can be classified into different categories:

- Compilation of existing data in new indicators, e.g. trade data summarised for those products that are affected by EPA liberalisation in general or for specific sensitive products or sectors in particular, or analysis of poverty data according to sectors or products that are EPA and poverty sensitive, such as important export or import products and prices.
- Modification of existing data collection exercises in order to support EPA questions, e.g. including specific questions or selecting specific entrepreneurs in doing business surveys or orienting capacity assessments towards EPA relevant sectors, organisations or networks.
- Specific indicators will be necessary for assessing EPA implementation, e.g. for monitoring whether EPA provisions are being translated into national legislation and how the regulatory quality is appreciated.

The particular challenge of developing specific EPA indicators is that at least some of them will have to be harmonised at the regional if not ACP level in order to make compatible and comparable observations on the overall EPA implementation and impact. This will require considerable coordination efforts of the responsible EU-ACP institutions (see Chapters 5.3 and 6.2).

5.2.2 Types of indicators

Qualitative and quantitative approaches and indicators

A common distinction between qualitative and quantitative approaches to impact assessment that is also applicable to EPA monitoring is summarised in Table 5.2.

Table 5.2 Main features of quantitative and qualitative approaches in impact assessment

	Quantitative Approach	Qualitative Approach
Main purpose	To assess causality and reach conclusions that can be generalised	To understand processes, behaviours and conditions as perceived by the groups or individuals being studied
Sampling	Probability sampling	Purposive sampling
Methodology for analysis	Predominantly statistical analysis	Triangulation (i.e. simultaneous use of several different sources and means of gathering information) Systematic content analysis Gradual aggregation of data based on selected themes

Source: Metz (2005)

Qualitative approaches allow for a focus on in-depth understanding of processes, behaviours, and perceptions of population groups and representatives of sectors under study. They often rely on participants' knowledge of the conditions surrounding the policy being evaluated, or participatory evaluations in which stakeholders are involved in all stages of the evaluation – determining the objectives of the study, identifying and selecting indicators to be used, and participating in data collection and analysis. Quantitative approaches are

mainly used to generate, evidence that is easy to digest and clear, though sometimes superficial. Individually, quantitative indicators are easy to aggregate and to present as tables or graphics of means or measures of variation. They can also be used for later statistical analysis to test for hypotheses on underlying relations. Both have to obey to procedures in sampling and analysis, but for quantitative indicators the standards are usually higher.

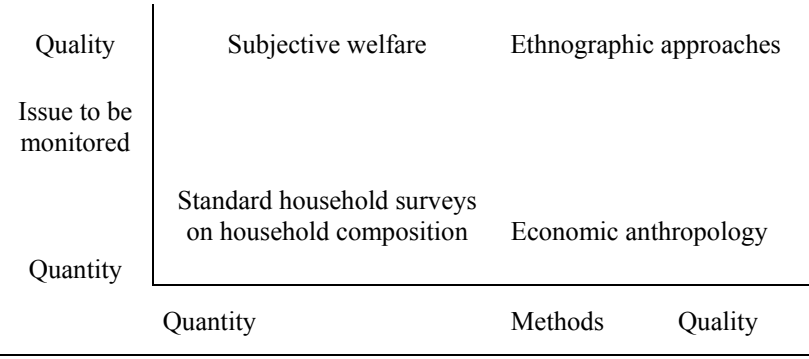
Clearly, both quantitative and qualitative approaches and indicators can and should be used in EPA monitoring, and the results chain analysis allows for both. In the following it is argued that some quantitative indicators should form the backbone of EPA monitoring. This backbone must be bolstered with qualitative indicators and probably some further quantitative ones. This argument is based on the following observations:

- Some of the most important and successful monitoring systems in development (MDGs, PRSPs, the increasing number of programme based approaches) have a core of quantitative indicators.
- Quantitative indicators are particularly useful if results are to be compared against quantifiable commitments (e.g. tariff reductions, development assistance) or across countries (aggregated EPA monitoring at regional level.
- For some proposed uses of EPA monitoring, quantitative indicators are required (e.g. triggering safeguards).
- Some issues in EPAs are clearly qualitative in nature and must be addressed by qualitative methods (e.g. alleviation of non-tariff barriers, implementation of national policies accompanying EPA-implementation).
- Participatory monitoring approaches are very often qualitative in nature.

In summary, the plea for a backbone of quantitative indicators derives from the proven importance of speedy, simple, comparable, aggregatable information in successful monitoring systems. Purely qualitative assessment exercises (see Annex 7 for the Structural Adjustment Programme Review Initiative (SAPRI) experience on structural adjustment policies) do not seem to have had much impact. This does not mean that only quantitative methods have to be used in EPA monitoring. An important distinction to be made is between qualitative approaches/methods and qualitative indicators/data. As Figure 5.3 illustrates,

not only quantitative but also qualitative methods may generate quantitative indicators.[37] For instance, assessment of progress in implementation of certain qualitative EPA provisions, adaptive policies, participation or development assistance could be ranked according to an ordinate scale (e.g. 1–10), with a description attached to assist in making assessment comparable. Documenting why specific rating scores have been attributed will greatly facilitate interpretation and drawing the right conclusions for adaptive action. This is particularly important for the national level, where most adaptive strategies have to be formulated and implemented.

Figure 5.3: Relations between qualitative and quantitative issues and methods



Source: Adapted from Yaron (2006, 13)

There are several other benefits of using integrated approaches for a comprehensive monitoring exercise, among them:

– Consistency checks can be built in through the use of triangulation procedures that permit two or more independent estimates to be made for key variables. For example, an assessment of who benefits from improved marketing opportunities, e.g. commercial plantations or small scale farmers.

37 Though calculating with such data in a scientifically precise way is tricky, this would be less important for monitoring.

- Different perspectives can be obtained. For example, larger companies in ACP countries may believe that reformed rules of origin are workable for them, while small and medium sized companies may still face major obstacles.
- Analysis can be conducted on different levels. There are many qualitative methods designed to analyse issues such as social process, institutional behaviour, social structure, and conflict.
- Opportunities can be provided for feedback to help interpret findings. In most quantitative research, once the data collection phase is completed it is not possible to check on apparent inconsistencies. The greater flexibility of qualitative research means that it is often possible to gather additional data. Survey researchers also use qualitative methods to check on outliers – responses that diverge from the general patterns.

A last area involved in combining quantitative and qualitative approaches in EPA monitoring is at the stage of interpretation of assembled monitoring information. In Chapter 5.4 more will be said about the assessment of monitoring data through the use of formal ex ante and ex post as well as open participatory approaches.

The selection of indicators should be done in a participatory way based on the information value of each indicator, keeping transparency about the limitations of the selection.

5.3 Monitoring regional integration

Most EPA monitoring will target changes that can be measured at the national level and later be aggregated to regional level (provided this aggregation has been planned for and coordinated at a higher level). However, national monitoring and regional aggregation finds limits when it comes to monitoring regional integration. More than any other object of EPA monitoring, regional integration will have to be based on strong supra-national coordination within and across regions.

Regional integration is a key intended outcome of EPAs, as a goal in itself and as a stepping stone for world market integration of ACP countries. On the other hand, many critics of EPAs argue that they will be more a threat to regional integration than a chance. This threat is obviously most sensitive in

cases where existing regional economic communities would not be identical with EPA configurations. This problem is particularly evident in Eastern and Southern Africa. Hence, the monitoring of regional integration in the EPA context needs to look at the interaction of the processes in the EPAs with autonomous integration initiatives. The institutional question that follows from this is whether the regional monitoring mechanism should be based in the regional EPA structures, which hardly exist yet in some regions, or in the better established regional economic structures, which already have (albeit often weak) existing structures. The African Union could play an important role, too, since it has the mandate to oversee and harmonise regional integration schemes as stepping stones towards a African common market.

As said, EPAs may weaken or strengthen regional integration, depending on EPA configuration, convergence or divergence of contents of different EPAs, development assistance to both EPA implementation and genuine integration processes, and political dynamics that will be triggered by EPAs. Given the critical importance attributed to regional integration by almost all stakeholders, the effects of EPAs on regional integration can be the subject of EPA monitoring (Venables 2003; Hinkle / Newfarmer 2005; South Centre 2007).

However, monitoring regional integration is a very complex task. A paper by the United Nations University Centre for Regional Integration Studies (Lombaerde / Langenhove 2004) describes regional integration "*as a multidimensional process that implies, next to economic cooperation, also dimensions of politics, diplomacy, security, culture, etc.*" The paper presents a framework for the construction of a System of Indicators for Regional Integration (SIRI) which distinguishes between six categories of variables: actors, structural factors, institutionalisation, implementation, effects and interdependence. To monitor regional integration the authors use an input-output approach where integration is then implicitly seen as a process in which some variables act as inputs, some as outputs. The framework is presented in Table 5.3.

Monitoring processes at regional level – whether they are part of EPA monitoring or of other regional monitoring initiatives – with genuine monitoring tasks (beyond mere coordination and harmonisation) will serve to strengthen regional competences, increase the interest of the regional organisation for timely quality results and strengthen the role of regions in the overall monitoring processes. Synergies should be built between EPA monitoring and regional integration monitoring. EPA monitoring should further facilitate the identification of a co-ordinated regional position towards the EU when it comes to

Table 5.3: Framework to classify variables of regional integration according to the results chain logic*	
Effect (of regional integration policies) (Impact)	Development, growth, trade, migration… (Actors take steps that are supposed to contribute to regional integration and the institutionalisation of that region which affect different areas (social, cultural, economic). Mobility of persons, political interdependence (existence of common policies or de facto co-ordination of policies, conflicts, tension…)
Interdependence (real de facto integration) (Outcome)	Economic interdependence (trade flows, capital flows...) Information and knowledge flows Effects of integration (together with structural conditions and exogenous influences) can explain the degree and evolution of interdependence between regional actors. Degree of interdependence can be assessed on different dimensions (cultural, economic, political …)
Implementation (Output)	Status of implementation of general treaties Status of implementation of specific agreements
Institutionalisation (Input)	Number and content of treaties, time frames of treaties… Institutional basis on which the whole integration process rests (constitution-based or treaty-based) Arrangements on common policies and/or policy coordination Institutional activity has quantitative (no. of treaties) and qualitative (content of treaties) aspects and should be analysed on different levels
Actors	Number and type of actors involved and their behaviour, level of activity… Overlapping membership
Structural factors	Structural characteristics of integration grouping that are related to the integration group and its members, e.g. scale of arrangement, geographical proximity/distance of actors…
* Effects of integration, structural conditions and exogenous influences can explain the degree of interdependence. Thus, effects are caused by policies, whereas interdependence is autonomously measured and reflects the evolution of interdependence (de facto integration) on different dimensions.	
Source: Lombaerde / Langenhove (2004), results chain terminology added	

modifications in the implementation of the EPA agreements or accompanying measures. A co-ordinated regional approach is also necessary when it comes to the application of specific safeguard measures, since the EPA regions are supposed to function as customs unions, and therefore any increase in protection would affect all members of an EPA region, but not necessarily those of the genuine Regional Economic Communities. The necessary regional co-ordination and decision making mechanism will have to constitute a key element in the monitoring of regional integration as well as national level impacts (see Chapter 6.2).

5.4 Options for the assessment of monitoring results – targets and analytical instruments for further clarifying EPA impact

The assessment of the results of a monitoring exercise, i.e. how the information is to be interpreted, depends on the level and the manner in which monitoring will be linked to the implementation and decision making in the EPA context. It may be recalled here that any assessment or "valuation" of the EPAs is inherently political and therefore potentially a source of disagreement and conflicts (see Section 3.3).[38] A question that the parties to an EPA need to answer is to what extent they recognise this fact up front, and set up a regular political dialogue on the results of the monitoring, and to what extent they aim

38 The importance of the assessment step of any M&E system may be illustrated with a well-known example which is one of the origins of EPAs: One of the most common arguments for the need for new principles for trade relations between the EU and the ACP has been the ineffectiveness of the unilateral preferences of the Lomé conventions in increasing ACP exports to the EU. This ineffectiveness is commonly proved by the decrease of the share of imports from ACP countries relative to that of other developing countries without preferential access. However, the conclusion that unilateral preferences were instrumental for the poor performance of ACP countries is debatable. An alternative interpretations is that the trade preferences were insufficient and blurred by restrictive rules of origin and other non-tariff barriers. An indicator in support of this interpretation would be that more positive trade developments were in fact experienced in many sectors where the preferences were substantial enough to provide a real advantage against competitors. Other interpretations of weak ACP export performance may relate to weak capacities to profit from preferences, or colonial dependencies. The fact that it is ineffectiveness of unilateral preferences that dominated the interpretation was certainly supported by some political and economic considerations, but one reason was definitely that no formal M&E framework for assessing Lomé impact had been defined.

to "rationalise" and "formalise" the valuation of the results. It is important that these discussions can take place on a regular basis and take into account the positions of all relevant stakeholders. Some aspects of this are discussed in the recommendations on stakeholders and institutional issues (Chapter 7), but methodological aspects of interpreting monitoring results will play a role for better decision making as well.

Targets and benchmarks

The interpretation of the monitoring results could to a certain extent be formalised and rationalised by establishing quantitative or qualitative targets. If these targets are then missed, this would serve as an indication that something is going "wrong" with the EPAs, and processes should start concerning how to determine an appropriate response. Whether targets for indicators are set in advance or not depends on the circumstances and the possible reactions. For example, one clear quantitative target to be set for a safeguard mechanism could be that imports of a certain product from the EU into an EPA country or region increase by more than X % in 12 months. In that case, the EPA country or region would automatically have the right to increase tariffs by Y %. In this case the country or region should, however, try to assess the reasons for the surge (e.g. import competition or internal production drop) and whether safeguards are the right answer. At the same time, no pre-defined target may be set for the increase in Foreign Direct Investment (FDI) inflows from the EU into the tourism sector in the same region, once the sector has been opened under the EPA. However, the monitoring may find that changes in FDI flows can be observed, and the respective EPA region may want to discuss this with the EU. What and if any changes in the implementation or the actual provisions of the EPA in question would result from this would not be pre-determined.

Targets could be established during ex ante Sustainability Impact Assessments (SIA, see Annex 6, point 1). For example, economic modelling could result in a forecast that fully liberalised market access to the EU would increase sugar exports from Mozambique by, say, 50 %. If exports increase by a significantly lower amount, say, less than 25 %, this could trigger a more in depth study on why exports did not increase in the projected manner. Targets could also be agreed in the absence of an SIA, through direct negotiations between the parties to the EPA. This would essentially front-load part of the political debate on the interpretation of the monitoring results. These "negotiations" on the definition of targets and triggers do not have to, and perhaps should not be,

part of the negotiation of the EPA text as such. They could rather be carried out by joint monitoring bodies of the EPA partners, including the EU, in the early stages of the monitoring process itself.

An alternative proposal for comparing targets with (monitoring) results of EPAs is to use development benchmarks.[39] Two separate phases of the development benchmarks process should be distinguished. First, an appropriate set of sustainable development benchmarks is designed in a consultative or participatory manner. Second, progress of EPAs is assessed relative to the "development benchmarks" earlier defined. Benchmarks would not only be defined for the goal level but also for the intermediate levels, including capacities, development assistance and other intermediate steps along results chains assumed to be necessary to attain EPA goals. However, to make implementation, and in particular tariff liberalisation, conditional on the achievement of development benchmarks is currently incompatible with WTO rules, notably GATT Art. XXIV.

Analytical tools to establish the base for assessments and to further understand causal relationships

Regardless of whether targets have been established or not, another fundamental task during the assessment of the monitoring data is to further isolate EPA impact, i.e. determine whether changes are due to the actual impacts of EPA implementation or to other factors or events that are correlated with the outcomes and impacts but are not caused by the project or policy. This is necessary because any results chain approach can only to a certain, limited extent foresee which framework conditions have to be taken into account by collecting indicator data on them and which intermediate indicators can help in understanding causal relationships between inputs and goal level changes. Furthermore, any impact monitoring has to sacrifice comprehensiveness for simplicity and cost effectiveness (Chapters 4 and 6).

The methodologically most rigorous approach is the establishment of a "counterfactual", an estimate of what would have happened had the EPA never been implemented. A number of methods for this have been developed for project evaluations; they fall into the broad categories:

39 See Annexes 11 to 13 for some further reflections on EPA benchmarks and their possible integration in an EPA text.

- randomised experimental designs - are analytically the most rigorous,
- non-randomised quasi-experimental designs,
- designs with a constructed counterfactual.

These approaches are usually very demanding in terms of data and statistical methodology and typically belong to evaluation exercises. If they are briefly discussed here, it is with the intention to show that the quantitative assessment of monitoring results, or the formal linkage of monitoring and evaluation, can have far reaching consequences for data and capacity needs. Some methods (e.g. experimental designs) are even impossible to implement if specific EPA indicators or even regional or country specific EPA indicators are used, since they would require the existence of such data for matching groups.

Experimental and quasi-experimental designs rely on the identification of a "control group" of individuals which are not benefiting from the programme. The main challenge is how to select a control group which has similar properties at the outset. Randomised experimental designs with individuals can not be used in evaluation and monitoring of national policies, since it is by definition not possible to identify a "control group" which is not affected by the policy change. For comparisons between countries, experimental designs with a randomised selection of a control group of non-EPA/ACP countries is hardly feasible. Non-randomised, quasi experimental designs can also be used to a limited extent only. Approaches that can be useful to some extent are:

- *Matching methods or constructed controls* (Baker 2000, 4), in which one tries to pick an ideal comparison that matches the treatment group from a larger survey. This method could be applied for the evaluation and monitoring of policy impacts, by creating an "inter-country" control group. For example, comparing ACP-LDCs with ACP non-LDCs with similar economic and trade structures could be relevant for assessing the impacts of EPAs. The indicators would normally be on the outcome level, for example changes in exports to the EU either aggregated or in specific sectors. However, for monitoring purposes, data for this comparison group would also have to be collected and analysed on a continuous basis, which would be beyond the scope of EPA monitoring. Where key economic and trade data for other LDCs are readily available, the comparison with those from LDCs that are part of EPAs can provide important information.

– *Reflective comparison*, in which a baseline survey of participants, here the EPA countries, is done before implementation and a follow-up survey is done afterwards (Baker 2000, 4). The baseline provides the "comparison group" and impact is measured by the change in outcome indicators before and after implementation. This method could be applied relatively easily for the evaluation of EPAs, since they are not in force yet; this would allow for conducting a pre-EPA baseline survey that could then be compared to a follow-up survey after (some of) the provisions are implemented and have had time to create impact. Depending on the availability of data, the changes on some indicators can be observed during implementation, and thereby serve monitoring purposes. However, the use of baseline data is problematic for economic developments over longer time periods, the "attribution problem" is particularly strong. The question of the extent to which the observed changes on indicators can be attributed to the policy or to other influences is not directly addressed.

A counterfactual can be constructed through simulation and (economic) modelling. The most comprehensive approach is through Computable General Equilibrium models (CGE). These models seek to trace the operation of the real economy and are generally based on detailed social accounting matrices collected from data on national accounts, household expenditure surveys, and other survey data. CGE models do produce outcomes for the counterfactual, though the strength of the model is entirely dependent on the validity of the assumptions, which are often based on the idea of perfect markets and therefore "heroic" for most ACP countries. Another problem is that parameters have to be estimated based on time series data which do not reflect new policies, institutions and capacities, and that databases are often incomplete and many of the parameters have not been estimated at all by formal econometric methods. CGE models are also very time consuming, cumbersome, and expensive to generate. The more non-economic impacts like environmental and social effects are captured, the more complex and demanding in terms of data requirements the modelling exercise becomes. It seems to be precisely for those reasons that CGEs have hardly been used in practice to assess the impacts of trade agreements, even in the case of North America Free Trade Area (NAFTA), in spite of being identified conceptually as a very suitable method (see Annex 7, point 2). Hence, it seems unlikely that CGE models will play a major role in the monitoring and evaluation of EPAs in the short and medium term.

In order to simulate the counterfactual for specific sectors of the economies, partial equilibrium models can be used to estimate the effects of a policy on one or more variables, by holding other potentially affected variables constant. These models often emphasize regression analysis, to determine the statistical relevance of the relation of the observed variables (Abbott 2004, 4). This approach can be useful to identify impacts in one particular sector, and can potentially provide detailed estimates for changes on different levels of the result chain. However, they can by definition not identify linkages to other sectors, e.g. if farm workers who may lose their employment in agriculture will find new jobs in manufacturing or services.

Open approaches to assess monitoring results

Open approaches that do not rely (exclusively) on ex ante hypotheses of results chains can in any case be useful complements for a monitoring exercise based on results chain analysis. They should provide the possibility for a systematic though not predetermined comparison of monitoring results with other perceived influencing factors, or more generally an assessment/valuation of findings against own (subjective) measures. The entire process of channelling monitoring results into the policy cycle and discussing them for purposes of learning and management decision can and should be designed in such a way (Chapter 6, particularly 6.4). Elements of these open approaches should also be built into the ongoing monitoring process, e.g. through the establishment of a complaint mechanism (see Chapter 5.2), that allows affected stakeholders to voice concerns in areas that are not in the focus of the predetermined monitoring exercise.

The proposal for a complaint mechanism

One feature or complement of a future monitoring system that was repeatedly proposed in interviews and consultations is a complaint mechanism. The large advantage of such a mechanism is that it is able to capture unexpected (mostly negative) results. The mandate and institutional set-up of such an institution were not discussed in detail during the consultations, but the following general features were mentioned: The mechanism should

- be responsible for eliciting complaints,
- have the authority and means to launch its own enquiries,

- be highly accessible and responsive to non-state stakeholders (civil society, private sector),
- be sufficiently independent from political institutions,
- have the mandate to alert and make recommendations to decision-makers.

In the view of the advocates of such a complaint mechanism, an e-mail portal to which complaints could be addressed and where those complaining could track the status of enquiry and measures taken would be a desirable feature.

The complaints received by such a mechanism could be an additional source of information for monitoring. Potential complaints could result from non-implementation or ineffective implementation of provisions, or negative outcomes, e.g. for employment. However, such a complaint mechanism should be clearly distinguished from a formal litigation mechanism (see Chapter 6.5).

5.5 Reporting on EPA monitoring

The preceding chapters have provided information about the setting up of results chains, the selection and compilation of indicators, the provision for an instrument for collecting and documenting non-expected (mainly negative) results, the special challenges of monitoring regional integration, and the challenges of interpreting such results, i.e. the right benchmarks. It will have become clear that the need to be focused and limit the number of indicators to an operational number will also limit their potential to comprehensively document and explain how EPAs have been implemented, what have been capacity constraints, what accompanying measures have been taken to facilitate implementation and overcome constraints, and how all these factors have worked together within the given framework conditions to generate results at output, outcome and impact level. Given also the wide variety of stakeholders and their often limited capacity to participate and understand the complex realities around EPAs, there will be a need for further guidance through the results and their interpretation.

A good way to satisfy this need for interpretation assistance will be to have the monitoring data assembled and commented on by credible institutions, by preference-independent think tanks or research institutions. They could provide the necessary competences to put monitoring results into a wider perspective, for instance, sector data in wider sector development at national, regional and international level. If no institution assembles all the necessary capacity, a

split up of responsibilities across more specialised institutions could be useful under the supervision of a lead agency. These institutions could also greatly assist in providing capacity to stakeholders to understand and participate in the monitoring exercise, thereby creating capacity for participation in EPA and other policy processes (see also Chapter 6.4 on institutional issues of EPA monitoring, particularly the ideas around an EPA observatory).

6 Stakeholders and institutions of EPA monitoring

Having considered the purpose and scope of and key instruments for monitoring EPAs, this chapter looks at the potential stakeholders to be involved and a possible institutional framework. It concentrates on the following questions:

- Who are the stakeholders in monitoring the implementation and impacts of EPAs? What can their role be in EPA monitoring?
- What are the capacities of and incentives for different stakeholders to contribute to EPA monitoring?
- At what level should monitoring take place? On what basis should monitoring functions be assigned to organisations and institutions at the national or regional level?

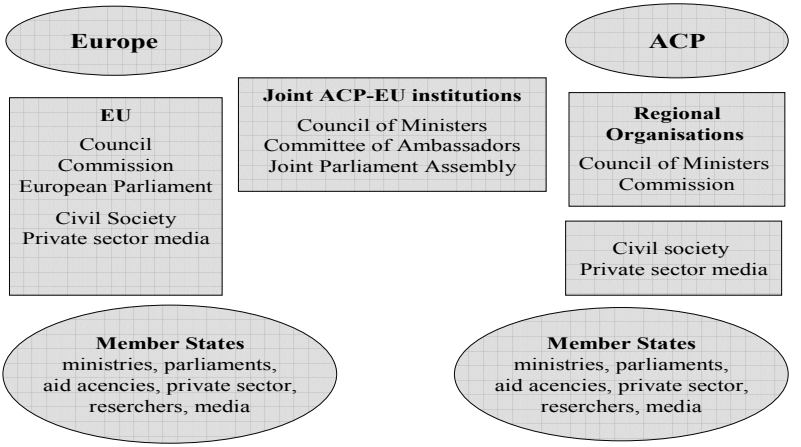
6.1 Key stakeholders in EPA monitoring

EPAs will affect countries and regions at large, including not only governments and their institutions, but also a wide range of non-state actors (private sector, workers, consumers, civil society, etc.) in the EU and the ACP who may have a stake in the EPA-monitoring exercise. Figure 6.1 presents the main (groups) of stakeholders with an interest in EPAs.

Involving a broad variety of stakeholders in reflecting on institutional modalities for EPA monitoring and later in process of monitoring can generate acceptance for a more evidence-based approach to political decision-making. It can also help to make implementation of EPAs more participatory, transparent and accountable to a wider range of stakeholders (see Section 3.3). Moreover, since poverty reduction is a core objective of EPAs, it is necessary to ensure that representatives of specifically vulnerable groups are fully involved in the monitoring process, both at the level of government (ministries for agriculture,

environment, etc.) and private sector and civil society (small agricultural producers, fisherfolk, landless workers, informal sector workers etc.).

Figure 6.1: Key stakeholder groups in EPAs and EPA monitoring



Source: own design

The actors to be involved in monitoring and evaluating EPAs will be active at different levels (from the local to the supra-national level)[40]:

National and regional state entities in both the EU and the ACP are directly or indirectly involved in negotiating EPAs. Other non-state actors, such as private sector associations (trade unions, business associations, farmer associations etc.) and non profit organisations (e.g. consumer organisations, fair trade networks, development NGOs), also have a stake in the negotiation and the implementation of trade agreements. Moreover, research institutes and the media will articulate their views and findings and can therefore also be considered stakeholders in the debate on a monitoring mechanism for EPAs. Most civil society groups, and certainly the media are mainly active on a national level, while the private sector and economic social partners work on both the na-

40 For more details on the state actors, see Annex 8.

tional and the supra-national level. The groups of stakeholders in ACP and EU regions and countries will thus be mainly the same. However, it is important to emphasize that in most ACP countries and regions, non-state actors tend to have less access to information and be less equipped in terms of the capacities and financial resources needed to participate in this debate than their counterparts in Europe.

The joint ACP-EU institutions also provide a framework for dialogue on all aspects of the CPA. The joint ACP-EU *Council of Ministers* has the overall political oversight of the agreement. Next to other Joint institutions like the Joint ACP-EU-Committee of Ambassadors, it is complemented by a *Joint Parliamentary Assembly* (JPA), whose role of scrutiny, democratic dialogue and recommendation is useful in the context of EPAs as well. With regard to the *aid component* of the partnership, including trade related projects and programmes of development cooperation, the Development Finance Cooperation Committee, a sub-committee of the ACP-EC Committee of Ambassadors, is responsible for ensuring joint monitoring and evaluation of operations.

6.2 Some considerations on EPA-monitoring capacities

One of the lessons learned from other policy monitoring processes refers to institutional capacities: "*The institutional structure and complexity of a monitoring mechanism needs to take account of available capacity. A monitoring mechanism that requires unrealistically high levels of capacity building will not work*" (GTZ 2004, 40; see also Section 3.3).

Undoubtedly, it is highly desirable to map capacities before setting-up new monitoring structures. However, it is impossible, in the context of this study and without the concrete EPA texts, to assess the institutional capacity of the various stakeholders to monitor EPAs.[41] Capacity in most ACP countries and regions is generally relatively weak. There are, for instance, severe capacity constraints when it comes to producing and collecting reliable statistics (see Annex 9, Table A9.1), or to analysing them. Other capacities that determine the quality of monitoring (e.g. capacities to facilitate the participation of different stakeholders in the monitoring process, to present and communicate data in a user friendly way etc.) are also often limited.

41 All indications in the following on capacities of individual stakeholders have to be regarded with this limitation.

The following points, which emerged from interviews and consultations with stakeholders, highlight some aspects that should be considered in a more in-depth assessment of capacities prior to a monitoring exercise:

- The experience and capacities within the European Commission to monitor the impact of EPAs appear to be rather weak at the present stage. According to the joint evaluation unit of AIDCO, Directorate General (DG) Development and DG RELEX, there are not yet any tested methods for monitoring the implementation of policies at the national or regional level and their impacts on the objectives of the Cotonou Agreement. The evaluation unit is only starting strategic reflections on policy monitoring. Moreover, the evaluation unit acknowledges that the Commission is presently ill equipped to monitor the impact of trade policies and its development co-operation on poverty, as this concept has not yet been conceptualised for the purpose.[42] This is of course not a problem facing only the Commission, it is also a methodological challenge for the aid administrations of all EU Member States.
- EU member state aid agencies are active in many different ACP countries and sectors, often deploying substantial personal and financial resources. However, as yet few bilateral interventions have been undertaken to assist the implementation of EPAs, and these are weakly coordinated, although it is already clear that the European Commission alone will not have the capacity to respond to all needs. EU member states have committed themselves and will have to step up their support in favour of EPA implementation. Thus, an important step of the design of EPA-monitoring mechanism(s) should be (i) to map existing bilateral aid projects and programmes that aim to accompany the implementation of EPAs, (ii) to assess how to draw on their resources and capacities for monitoring and (iii) to coordinate their efforts. Such exercise could usefully build on the experience of the Regional Preparatory Task Forces (RPTFs) put in place during the EPA negotiations.
- While stakeholders from the Caribbean appear quite confident that regional institutions could manage newly arising monitoring tasks, many of the stakeholders consulted in Tanzania and Kenya considered SADC and ESA too weak to assume a significant role in monitoring. In any case, re-

42 See presentation by the head of the joint evaluation unit, Belgian Ministry of Foreign Affairs, Brussels, 08.03.07.

gional institutions could and should play an important role in ensuring the regional coherence and comparability of the monitoring exercise. They could, for instance, ensure a certain degree of co-ordination of national monitoring processes, provide a forum for discussion of the results and their conclusions and monitor issues which cannot be addressed at the national level - primarily the process of regional integration itself (see Chapter 5). Stakeholders also pointed to the fact that in Eastern Africa, business and civil society organisations (CSOs) have so far hardly operated at regional level, and they therefore plead for a strong national component of an EPA-monitoring mechanism for the region.

– There was a broad consensus among those consulted that monitoring should focus on the national level. This would be in line with the principle of subsidiarity (Section 3.3). A lot of relevant data is already being collected and processed at the national level. Data collection and data quality would, however, in many cases have to be improved, certified and compiled in coherent ways. These data will also have to be complemented by additional information on indicators relating to the specific issues covered in the EPAs (see Chapter 5). At the organisational level, the key institutions set to establish the procedures of the monitoring process and to take on concrete tasks are the responsible ministries (trade, agriculture, industry, planning, social affairs), the offices of statistics, and to some extent academic institutions and specialised bodies (e.g. observatories of employment, human development or food security of the kind that exist in a number of African countries). As for the identification of monitoring priorities, interpretation of results and their feedback into the policy cycle, parliaments and non-state actors also have an important role to play. Their participation could be achieved more easily at the national than at the regional level, where they are more strongly organised. Investing in participatory approaches to monitoring EPAs at the national level may also be worthwhile with regard to raising awareness and drawing public attention in ACP countries to the strong influence EPAs will have on the national business environment. This could subsequently create pressure for stronger national policy formulation.

– Many ACP countries already receive assistance for strengthening their statistical capacities and policy monitoring under various schemes (support to PRSPs, Medium Term Expenditure Reviews etc.). It is worthwhile to explore to what extent this assistance already addresses capacity build-

ing needs that would arise in the context of setting up an EPA-monitoring system and what additional support would have to be mobilised.

- There appear to be strong incentives for business associations to get involved in EPA monitoring, as they want to ensure that EPAs are beneficial for their members. Especially, the larger business associations in the Caribbean and Eastern and Southern Africa are making efforts to beef up their capacities to participate in EPA negotiations and follow up the implementation of the agreements.[43] Initiatives by private sector organisations, such as the Business Trade Forum EU Southern Africa (BTFES), an association of business associations from the EU and SADC, illustrate this interest.
- Experience with monitoring the implementation of PRSPs has further shown that especially smaller civil society and private sector organisations without a base in the capital tend to find it difficult to participate in monitoring frameworks. They often cannot afford to set aside staff to regularly attend, prepare inputs and follow up on meetings. Moreover, they may not have enough staff at the policy and analytical level to take an active role in the discussions. Participation in such monitoring frameworks also involves high opportunity costs for these organisations. National level representative organisations could facilitate the participation of these smaller organisations, but often these are not yet in place or weak.

6.3 Incentives for participation in EPA monitoring

It may be concluded from our consultations that the biggest incentives for stakeholders to participate in an EPA-monitoring process are that:

i. the information and assessments they provide are considered in the process and affect the outcome (i.e. are reflected in monitoring reports);

ii. these outcomes have a real impact on political decision making and the implementation / adaptation of the agreement or of accompanying measures;

43 They tend, however, to interpret the term "monitoring" in a different way than the definition provided in Chapter 2, linking it strongly to their lobbying activities (e.g. preparation of position papers, proposals or studies that reflect the specific interests of the businesses they represent).

iii. stakeholders gain access to other relevant information on the implementation and impacts of EPAs and can thus hold policy makers accountable for the consequences of their implementation.

A monitoring system that aims to involve different stakeholders, including civil society and the private sector, will need to give great attention to communicating with these stakeholders in an adequate way. This means, for instance, investing in appropriate reporting formats as well as information channels and feedback loops that take account of the specific capacities of the different groups of stakeholders to digest and contribute information (e.g. use of rural radios, simple formats, translation of information into local languages, product-/branch-specific reporting).

The suggestion that it is possible to assign clear-cut formal responsibilities to state and non-state actors and 'define' their relationship in collecting, analysing and using monitoring data is a somewhat idealistic view. It does not adequately take account of the political dimension of monitoring (see Chapter 3.3). As monitoring experiences in other fields of policy indicate, monitoring EPAs may take place not only in the official monitoring framework but also within several different frameworks and parallel processes. Non-state actors and advocacy groups may set up "shadow monitoring mechanisms" if they feel that their views are not sufficiently taken into account (see, for instance, the example given in Annex 4, point 3). Moreover, they may decide to monitor specific trends or issues that they consider particularly important or relevant for their target groups and use results to attract attention to these issues. Scientists have their own independent interests in analysing EPAs and their impacts.

A participatory, credible and transparent M&E system should be able to make use of the information generated in such parallel processes to evaluate and compare it with the information gathered within the official framework. Hence there should be formal mechanisms through which different stakeholder groups could submit their own assessments and discuss them with other groups of stakeholders.

The more transparent, participatory and "owned" an official EPA-monitoring framework is, the less need will be felt for "shadow monitoring." If non-state actors feel that their information is taken into account and affects decision making, they will be ready to use or generate own resources for participation in the monitoring process, or actively look for assistance to enhance their capacity to do so. On the other hand, if monitoring is considered merely as an

exercise done just for the sake of meeting the respective provisions in the agreement, but not credibly designed to allow for actual changes in the way EPAs operate, even generous offers of assistance and capacity building may do little to enhance acceptance and participation, especially of non-state actors.

6.4 Current reflections on institutional structures for EPA monitoring and references in text of the agreements

While the first cases made for EPA monitoring have remained quite general, more concrete options have recently been discussed in EU and ACP fora. The focus has been primarily on which institutions should be responsible or should be set up to design and implement EPA monitoring, how the results should feed back into the policy cycles and decision making systems around EPA implementation and accompanying measures, and which resources they can count upon.

Indeed, before any methodological approach is put into practice, the necessary legal and institutional provisions have to be established. This should cover organisational aspects such as the responsibilities and institutions involved in data collection, processing and publication as well as the different state and non-state actors to be involved in the monitoring exercise. The EPA legal framework could usefully refer to appropriate institutions and the actors to be involved in the monitoring process (at the national, regional and ACP-EU level).

There was a broad consensus among all stakeholders consulted that the text of the EPAs should explicitly mention that the implementation *and* impacts of EPAs will be monitored.

Some experts pointed to evidence that showed that if the scope, structures and procedures for monitoring were defined in the agreement, the monitoring mechanism would be more effective. They also argued that in order to track changes induced by EPA implementation, it was important for monitoring to start right at the beginning of the implementation process. Otherwise there would be a substantial risk that monitoring would never become operational.

Representatives of civil society agreed and pleaded for a reference to the participatory elements of a future EPA-monitoring system that would allow civil society to take an active part in the process of monitoring.[44]

In interviews, representatives of the Commission and of some EU Member States recognised that there is no blueprint for an institutional framework for monitoring EPAs. They nevertheless hoped that a basic institutional structure with a Joint EPA Council and Implementation Committees could prove feasible and appropriate for all regions. They felt that it would be sufficient to refer to the objective of monitoring implementation and impacts in the agreements and official review mechanisms. Details on the scope and specific institutional arrangements could be addressed in an annex to the agreement and defined at a later stage. They emphasized that the main objective for 2007 was to agree on the substance of the EPAs so that they could be signed at the end of the year. In particular, methodological aspects of a future EPA-monitoring system could be discussed at a later stage.

The institutional framework proposed in draft EPAs

As mentioned above, negotiations on institutions for monitoring the implementation and impacts of EPAs are most advanced with CARIFORUM[45]. According to Commission and Caribbean sources, the draft EU-CARIFORUM EPA provides for the following structures:

– A *joint EPA Council at the ministerial level*, which would supervise the implementation of the agreement and serve as the main decision-making body. It would take decisions and make recommendations on all issues related to the agreement between the signatory parties[46]. This Council would meet regularly to discuss matters regarding the agreement between the European Union and CARIFORUM. It could also convene if urgent mat-

44 Such participatory elements are also advocated by PwC (2007), see Box 1.1

45 The Caribbean Forum of ACP States was created in 1992 for the purpose of coordinating with the European Commission and jointly monitoring resources coming from the European Development Fund. The following countries are members of CARIFORUM: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

46 The term parties will include European Member States and the European Commission, ACP countries and for some regions relevant regional entities, as defined by the internal institutional setting.

ters should arise. Rules of procedure would be agreed upon during the inauguration meeting.

- A *Joint EPA Implementation Committee* composed of representatives of the signatory parties at senior official level. This committee would assist the Council in trade matters, including recommendations on cooperation priorities in this regard. Its responsibilities would, amongst others, include supervising compliance of signatories with the provisions of the agreement, monitoring and assessing the implementation of the EPA and its impacts on trade, regional integration and development objectives. This committee could also further work out provisions of the agreement, if necessary, including concrete modalities for monitoring impacts at the regional level. The trade committee would meet on an annual basis to review the implementation of the EPA as well as at any other time considered necessary. The committee would further be responsible for avoiding and resolving disputes that may arise regarding the interpretation or application of the agreement.
- A *Joint EPA Development Committee* that would assist the Joint Council on matters of development co-operation falling under the EPA. Like the implementation committee on trade, it would be composed of senior officials of signatories, meet annually for a review of implementation and if necessary at any other time. This committee would be responsible, among other things, for monitoring the implementation of provisions related to development cooperation in the context of EPAs.
- A *Joint EPA Parliamentary Committee* with consultative functions. It would be composed of Members of the European Parliament, on the one hand, and of members the parliaments of CARIFORUM states, on the other hand. This consultative body could request information on the implementation and impacts of EPAs and related development assistance, make recommendations and be an actor of democratic control. How often this body would meet was not mentioned in interviews.
- The *Joint Committee Representing Civil Society and the Private Sector* would be a second body with consultative functions. Its task would be to assist the Joint EPA Council in promoting dialogue and cooperation between non-state actors, including academic institutions, social partners and private sector organisations. This joint committee could make recommendations, e.g. with regard to monitoring the EPA.

The draft EU-ESA Partnership Agreement of 24 August 2006 contains only similar and rather vague references to monitoring functions. They relate to specific fields of cooperation and corrective measures.[47] Also, this text does not mention how monitoring should be organised and who should be involved in or associated with monitoring the agreement.

While these proposals already provide a rough institutional framework for monitoring EPAs, they are limited to official bodies. These will meet at a rather low frequency and thus focus more on reviews than do the monitoring itself. The actual data collection and analysis will have to be done by technical departments or institutions at the regional and/or national level. Which institutions could take on these tasks and how they would have to relate to the above mentioned structures has not yet been discussed.[48]

The response of the Council of Ministers

The above proposals were called into question by the General Affairs and External Relations Council at its meeting on 15 May 2007 (Council of the European Union 2007, 9). The Council expressed the view that a single implementation committee that monitors the trade provisions and the related development assistance at the same time would be preferable. The Council further voiced concern over whether regional parliamentary and civil society committees were feasible as many new institutions would challenge the capacities of the ACP countries. It proposed to use existing CPA institutions in this context. However, the relationship between the CPA institution and EPA institutions was not yet clarified.[49]

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47 The draft EPA for Eastern and Southern Africa refers, for instance, to the need to monitor "*the implementation and administration of articles on rules of origin and of other customs matters related to market access"* as well as "*serious balance of payments and external financial difficulties or threats*" as a result of EPAs, so that corrective measures can be taken. Another reference to monitoring is made in Art. 30 on sanitary and phyto-sanitary measures. This article emphasizes the need to monitor progress made with regard to ensuring transparency and harmonization of legislation etc. and highlights the important role of communication and feedback.

48 Commission officials underlined in interviews that "*the Commission had no interest to develop into a research organization*" and was not in possession of the human and financial resources necessary to conduct impact studies or generate a vast variety of monitoring data.

49 This concern was expressed in discussions with Council members and is reflected in the fact that the Council conclusions of 15 May do not mention such committees.

Views from the Joint Parliamentary Assembly

The Economic Development, Finance and Trade Committee of the Joint Parliamentary Assembly discussed the issue of an EPA-monitoring mechanism as an agenda point of their meeting on 23, June 2007. The discussions reflected the concern of ACP and EU parliamentarians to get more involved in the monitoring of the implementation and impacts of EPAs.

No official proposal of the Joint Assembly was formulated at this meeting, but the following concerns and suggestions were articulated in a lively debate:

- A reference to a monitoring mechanism should be included in the preamble of the legal text of each EPA and wherever appropriate in other chapters (e.g. in the chapter dealing with a safeguard mechanism, as the latter could be guided by monitoring reports).
- The text of the EPAs should contain a specific chapter outlining key elements of the monitoring mechanism.
- Monitoring should be a participatory process allowing ACP parliamentarians to be involved in the exercise, and this mandate should be formalised. One option mentioned in this context was to invite a number of ACP parliamentarians to participate in the preparation of monitoring reports (e.g. by making them members of a task force that prepares these reports). Another option referred to the possibility of formalising the process of an annual review of EPA implementation and formulation of recommendations by the Joint Parliamentarian Assembly.
- The text of the EPAs should include a provision for capacity building for ACP members of parliaments in order to enable them to contribute to EPA monitoring and to make use of the information generated by a monitoring mechanism.

These points are the outcomes of an initial exchange in the Joint Parliamentary Assembly. They do not reflect the official position of the Joint Assembly. The

latter will probably address the issue of a monitoring mechanism in more detail later this year.[50]

The idea of an EPA observatory

The idea of an EPA observatory was raised in the initial brainstorming workshop. The purpose of such an observatory would be to generate independent and reliable monitoring data and to analyse these data and disseminate them to the different stakeholders in an appropriate format. Other uses for an observatory are conceivable as well.[51]

The institutional features of such an observatory have not been further discussed, but those favouring this type of institution pleaded for a "light structure" or a "network approach" that would make it possible to draw on data from EU and ACP countries' statistical services and ask research institutes or consultants to conduct studies on specific themes or sectors.

Especially in those regions where the structures at the regional level are weak, it may be worthwhile to consider placing, in a first step, the responsibility for generating and analysing monitoring data with specialised institutions.

6.5 Monitoring and dispute settlement

The idea of linking monitoring and dispute settlement mechanisms has not been followed further. These two mechanisms serve distinct functions which are not easily reconcilable. Monitoring is supposed to look at the broad direction of implementation and impacts of EPAs (both positive and negative). Dispute settlement is meant to deal with concrete negative impacts on a partner

50 Judging by the key principles identified in Chapters 3 and 4, in particular with regard to the principle of independence of a monitoring mechanism and concern for minimizing political bias, the idea of associating parliamentarians in the drafting of monitoring reports may be controversial. The option of an annual review of monitoring reports by the JPA and the formulation of recommendation to the Joint ACP-EU Council would appear to be much more in line with the role of parliaments as a political institution scrutinizing the actions of government.

51 In the context of international trade agreements like EPAs and the WTO, the Ivory Coast private sector has called for an observatory to monitor (and increase) competitiveness as well as for creation of a committee of customs officials and private sector representatives to analyse problems in export chains.

that result from non-compliance with a treaty provision. Therefore, creating that direct link would burden the monitoring system with strong political and economic interests and probably make its results more adversarial, hence reducing its legitimacy.[52] In addition, dispute settlements usually need very in-depth data which are usually beyond the scope of a monitoring exercise.

While monitoring results may be used as early warning, they should not be used for litigation purposes.

6.6 Funding EPA monitoring

Comprehensive EPA monitoring with participatory elements is a costly exercise. The benefits of monitoring therefore have to be balanced against the resources it will require, which arguably may be diverted from other development objectives (see Chapter 3.5). However, the benefits from targeted monitoring in terms of more effective EPA implementation with greater development impact may be worthwhile. In development projects, a rule of thumb is to devote 2–5 % of total funds to M&E. Applying this rule of thumb to estimates of economic impact at stake (hundreds of millions or even billions of euros per year), it would be justifiable to spend relatively significant amounts of money on EPA monitoring.

The EPA negotiations have not yet touched upon the issue of resources for a monitoring mechanism and related capacity building. Although all stakeholders consulted expressed interest in monitoring the implementation and impact of EPAs, there was also widespread concern about the associated costs. As for potential sources of funding, several stakeholders referred to the European Development Fund (EDF) and the Joint EU Aid for Trade (AfT) Initiative (see Annex 2).

While many ACP representatives appear to assume that the resources provided for setting up and running a monitoring system would be taken over by the European side, representatives from the Commission voiced concern about the resulting costs. They emphasized that according to their experience, many monitoring systems remained non-operational because of neglect of the costs

52 It is for similar reasons that in the WTO the Trade Policy Review Mechanism is kept separate from the Dispute Settlement system, and the information provided for the national reviews cannot be used for formal complaints.

attached to running them. They pleaded for a "very pragmatic approach," mainly focusing on monitoring implementation. With regard to impacts, those interlocutors that had reflected on costs favoured a narrow approach, concentrating 'on what goes wrong' rather than systematically monitoring a series of impact indicators in each country.

Experts also called for a careful consideration of the cost implications when choosing between different options for monitoring mechanisms. They argued for an approach that would consist in jointly defining a small number of indicators, which would make it possible to monitor positive *and* negative trends. This approach should help to get a better understanding of EPA impacts in general as well as to identify the winners and losers. The advocates of this approach held the view that the best strategy to reduce monitoring costs was to draw on existing data and institutions (see Section 5.2).

Views within civil society on who should bear the costs of an EPA-monitoring system differed quite substantially, a fact explained by the different mandates and resource bases of the respective organisations. Some development NGOs pointed to the problem that charities may find it difficult to mobilise sufficient resources to contribute to official monitoring mechanisms. Their funders rather expected them to allocate their resources to activities that would lead to visible improvements of the living conditions of their target groups. In the view of these organisations, the EU, its Member States and ACP governments should therefore co-finance a contribution of NGOs to EPA monitoring, by providing financial facilities that interested NGOs could draw on and capacity development in the field of monitoring EPAs.

There is evidence that business associations, in particular the larger ones, are able and willing to finance their own monitoring activities in the context of lobbying. As far as other organisations are concerned, activities in the field of monitoring EPAs are part of their mandate, and their main concern was not the cost of contributing to monitoring EPAs but the cost of accessing information on the present state of discussion on this issue. They called on the European Commission to provide them and their members with more information on what their role could be in a future monitoring system so that they could prepare accordingly. In this context it should also be noted that, in principle, the Cotonou Agreement provides funding for monitoring ACP-EU co-operation. However, to what extent these funds can be tapped by private sector and civil society actors in a specific country or region for activities in the field of EPA

monitoring depends largely on the focus of National and Regional Indicative Programmes.

However, money allocated for monitoring of EPAs, wherever it comes from, will not be available for other activities. It might be advisable to set aside a certain amount of future EDF resources for supporting activities of non-state actors related to monitoring EPAs, including capacity-building and the dissemination of information, if this is seen as a priority by the partners to the agreement. Applying the lessons learned from a recent analysis of the EDF programming processes conducted by EUROSTEP, it can be concluded that it is necessary to thoroughly discuss the benefits and opportunity costs of allocating EDF resources for an EPA-monitoring mechanism and capacity building for non-state actors and to listen to their priorities and concerns (EUROstep 2006).

As discussed in Sections 6.2 and 6.3, a crucial question for stakeholders is to what extent monitoring actually impacts on the implementation of the EPA provisions. This is also the central criterion for the allocation of public resources. A monitoring system that serves mainly compliance and information purposes can and should be relatively inexpensive. On the other hand, a system that assesses the results of EPAs and has major consequences for the implementation of provisions such as assistance will need more information and inputs to have the credibility it needs, and it will therefore require bigger resources. Which option is more desirable is ultimately a political choice.

7 Key principles and the way forward for monitoring EPAs

To make the monitoring mechanism useful and operational, it is important to establish some key guidelines as part of the EPA provisions. The first task is thus to identify those features that should be covered by the legal text. After an agreement is signed, some steps will be necessary to develop a workable and effective monitoring of EPA implementation and impacts. Drawing on the key messages of the study, and without trying to identify the precise mechanism and substance of a monitoring instrument (that will vary from region to region and country to country depending on the different contexts and priorities), elements of the mechanism to be included in the EPA texts as well as recommendations on making the process operational need to be identified. The following sections are a first attempt to do so.

7.1 What should be included in the legal EPA text?

For the establishment of an effective and workable monitoring mechanism, it is important that the design and process of monitoring be carefully thought out. Yet, to be of use a monitoring mechanism must remain flexible and adaptable to unforeseen and evolving circumstances.

In determining the appropriate provisions on monitoring in an EPA text, the key considerations should be to provide for the conditions needed to establish a credible, transparent, workable and effective monitoring mechanism. These could include:

1. The principles of monitoring
2. The key functions of monitoring
3. The scope of monitoring
4. The use of the results of monitoring
5. The basic institutional setting for monitoring
6. The related cooperation and development assistance for monitoring
7. Indications on the possible methods to be used and procedures to be followed for monitoring

The following gives an overview on what could be included in an EPA legal text. The list is neither exhaustive nor should it be seen as an 'either-or' choice; it seeks instead to structure the different elements that could be agreed on in an EPA legal text. When such different elements are discussed (e.g. principles, key functions of monitoring, etc.), a choice will have to be made, firstly, on whether or not to include (clusters of) provisions for each specific element and, secondly, at what level of detail those provisions should regulate the respective area. In this context, it has to be kept in mind that the benefit of greater concreteness always has to be balanced against flexibility.

7.1.1 Principles of monitoring

Basic Objective

In order to follow up EPA implementation and ensure that it generates positive outcomes, monitoring will be essential. To ensure that such a monitoring mechanism becomes fully operational and effective it may be useful to con-

tractualise the commitment of both parties to monitor implementation and results of EPAs in line with agreed principles.

Options

Contractualising the principles of monitoring can be done in different ways and in different parts of the agreement:

i. The introduction/preamble of the agreement refers to the need to regularly monitor implementation and results of the agreement

ii. A monitoring chapter in the agreement contains detailed provisions on the design, institutions and functions of monitoring

iii. Relevant chapters could explicitly refer to the need for monitoring (e.g. in the Free Movement of Goods Chapter as in the Eastern & Southern Africa (ESA) region proposal (ESA 2007), see example 7.2 below; the Chapter on Development, see Annex 12; example 4 below: environmental monitoring of sustainable development)

Principles would indicate the fundamental features of the monitoring exercise (e.g. ownership, transparency, mutual accountability, participation) and could either be newly established or refer to those agreed in the broader ACP-EU cooperation framework (as embodied in the CPA).

Discussion

The need to have a general provision on monitoring in the EPA legal text is generally accepted. However, views differ on the level of detail into which such provisions should go. In general it should be kept in mind that trade-offs exist between the need for policy space and flexibility[53] (see Chapter 3) on the one hand and the need for concrete provisions on the other, in order to ensure the timely establishment of a credible, workable and effective monitoring mechanism. While the establishment of one 'EPA-monitoring mechanism' entails the danger of duplicating efforts, without the contractualised commitment and resources needed to build up a monitoring mechanism for EPAs, a reliable monitoring of EPA implementation and impacts may not be feasible.

53 During stakeholder consultations, much emphasis was put on the principle of flexibility. It was argued that any future monitoring mechanism should be able to adapt to changing requirements that may arise in the course of the implementation of EPAs.

According to some observers, an exercise of pro-development monitoring could institutionalise, for the first time, a systematic assessment of how the economic, trade and development aspects of ACP-EU cooperation are linked together and complement one another in pursuit of the CPA objectives. This would therefore go beyond the simple monitoring function to be performed by one of the various institutions envisaged in an EPA text, to become a broader formal assessment of how the different dimensions of the ACP-EU partnership, the EPA-related interventions, and the various parts of an EPA agreement interconnect and contribute to poverty reduction and development. Such an approach would assign to monitoring a very central role, to be reflected also in the principles of an EPA legal text.

Examples of provisions

1. *"The objective of monitoring and evaluation shall consist in the regular assessment of the implementation and results of EPAs (outputs, outcomes, impact) with a view to foster positive outcomes of EPAs and their beneficial implementation."* (Adapted from Article 32, Chapter 5 'Monitoring and Evaluation', Annex IV CPA)

2. "*The monitoring exercise should be aligned with jointly agreed principles derived from the Cotonou Partnership Agreement (CPA), including ownership, transparency, and mutual accountability, with a view to improving the EPA implementation process as a whole."*

3. *"The Parties undertake to continuously monitor the operation of the Agreement through their respective participative processes and institutions, as well as those set up under this Agreement, to cooperate in order to ensure that the objectives of the Agreement are realized and to maximise the benefits for men, women and young people deriving from their Partnership. The Parties also undertake to consult each other promptly over any problem arising."* (Draft provision proposed for an EPA text)

4. *"... Parties agree to work cooperatively towards the realisation of a sustainable development centred on the human person, who is the main beneficiary of development. The Parties undertake to continuously monitor the operation of the Agreement in this respect, to cooperate in order to maximise the benefits for their people deriving from the Partnership, in particular the most vulnerable groups, and to consult each other promptly over any problem arising*." (Draft provision proposed for an EPA text)

5. *"The Parties reaffirm their commitment to promoting the development of international trade in such a way as to ensure sustainable and sound management of the environment, in accordance with their undertakings in this area including the international conventions to which they are party and with due regard to their respective level of development. In this regard the Parties recognise the importance of reviewing, monitoring and assessing the impact of the Agreement implementation on sustainable development through their respective participative processes and institutions, as well as those set up under this Agreement."* (Draft provision in the environmental chapter proposed for an EPA text)

6. Article 3.8 Review

   "1 *The Partnership Committee shall establish procedures for the monitoring and regular review of the implementation, operation and performance of this Agreement. To assist it with these tasks a report on relevant matters shall be prepared annually by the Secretariat, which shall be distributed to the Parties to this Agreement*.

   2 *The Partnership Committee shall conduct a general review of the implementation, operation and performance of this Agreement no later than 2011 after the Agreement comes into force and every 5 years thereafter. The review shall assess the extent to which the objectives of this Agreement are being achieved and what further actions should be taken to better achieve the objectives.*

   3 *At the meeting of the Partnership Committee the Committee may make any decisions it considers necessary or desirable, consistent with this Agreement, to better implement or further the objectives of the provisions of this Agreement."* (EU-Pacific 2006)

7.1.2 Key functions of monitoring

Basic objectives

In order to prevent monitoring from becoming an end in itself, it is necessary to reach agreement on the purposes and related functions of an EPA-monitoring mechanism. Specifying the main functions of monitoring in the legal EPA text would enhance the credibility of the monitoring exercise. It should notably clarify the main purposes of monitoring (e.g. compliance, impacts, etc.) and specify how the parties will use the results of the monitoring exercise, feeding into policy making processes.

Options

A provision on key functions of monitoring could be rather vague and include only general functions of monitoring (like control, learning and accountability) or its broad overall objectives (such as facilitating implementation of EPA and related further policy changes in a manner that fosters sustainable development of ACP countries) (example 1 below).

Alternatively, it could be more specific, defining the concrete functions of a mechanism monitoring the implementation of an EPA as well as the implications of EPA monitoring for the policy-cycle of these trade agreements, from the identification of problems (gathering of information) to the assessment of changes required (information analysis) and to policy changes (decision-making by the parties) (example 2). Specific monitoring functions could include information gathering only, or the analysis of information collected, or both.

Discussion

The distinction between information gathering and analysis resembles the one between monitoring and evaluation (in the context of aid projects, for instance), i.e. the continuous process that takes place in regular and frequent intervals, associated with monitoring and *describing* trends (impacts) *versus* the comprehensive analysis of interventions and policies (usually conducted only at key moments of policy implementation) with the aim of *explaining* trends (impacts), associated with an evaluation exercise, and resulting in an informed judgment.

An EPA-monitoring mechanism could be given only a narrow monitoring function (to describe broad trends for urgent decision-making), or also a more comprehensive analysis function (with deeper analysis of trends providing input for possible adaptation of the agreement). This shows that the function of monitoring is closely related to the issue of the use of monitoring results (discussed under heading 4 below), with an obvious impact on other elements of the monitoring exercise (scope, institutional setting, methodologies, costs, etc). Thus, the function and the 'response dimension' could be regulated in one single chapter.

Examples

1. "*The functions of the monitoring exercise will include control, learning and accountability, with a view to facilitating implementation of EPA and related further policy changes in a manner that fosters sustainable development of ACP countries.*"

2. "*The function of the monitoring mechanism will be the regular collection and analysis of information to assist timely decision making, ensure accountability and provide the basis for evaluation and learning. On the basis of this monitoring process, the parties agree to periodically review the results of EPA and make the necessary adjustments that would help optimising its development outcomes."*

7.1.3 Scope of monitoring

Basic objectives

Parties may agree to define the scope of monitoring in the EPA legal text. This will serve the aim of better defining what should be monitored and not leave it to the interpretation or discretion of one of the parties.

Options

i. The text could explicitly mention that compliance with and impacts of EPAs will be monitored, as well as the capacity development needs of the stakeholders involved and framework conditions in which EPAs will take place.

ii. Another option would be to have a formal monitoring process contractualised in the agreement, while parts of monitoring would be 'sourced out' to independent institutions (e.g. compliance by government, impact on certain sectors, by independent institutions). This may imply that only those areas are mentioned in the legal texts that are monitored by official EPA-monitoring bodies. Monitoring areas to be contractualised in an EPA can include:
    a. The capacity to implement EPAs (i.e. capacity to comply with EPA commitments);
    b. The implementation of EPA provisions (including on development cooperation);
    c. Results (outputs, outcomes and impacts) of EPAs;
    d. The enabling environment.

iii. In addition to areas broadly defined as above, parties could agree to include in the text a provision on what to monitor exactly, by:
    a. identifying specific dimensions of implementation of EPA (capacity, impacts, compliance, etc.) for certain (priority) parts of

the agreement: market access, supply side active policies/ policy spaces, development resources, etc. (example 1);

b. including specific implementation and results only in certain chapters of the agreement (e.g. trade rules);

c. (given limited resources) reserving for monitoring only priority areas referred to in parts of the agreement (e.g. the impact of market access on the rural poor; or only environmental and labour issues, or ACP firms' competitiveness, examples 2 and 3).

Discussion

It may be difficult to precisely define the scope of monitoring EPAs and, accordingly, to contractualise it in an EPA text. The advantage of defining the content and scope of monitoring in an EPA legal text lies in the commitment both parties would make, with the possibility to commit to comprehensively monitor implementation and results of EPAs, beyond the mere monitoring of compliance. Contractualising the scope of monitoring would also define boundaries and thus clarify what to monitor and what aspects should not be considered in the context of EPAs. Particularly the inclusion of capacity and accompanying measures will have to be carefully selected, but would substantially enhance the comprehensiveness of an EPA-monitoring mechanism and its usefulness for creating more coherence between trade and aid policies. On the other hand, contractualisation reduces flexibility and may lead to a duplication of efforts in those countries where certain EPA relevant aspects (like capacity building measures) are already monitored in other contexts, unless otherwise specified. Final decisions about what exactly will be monitored should build on the concrete EPA legal texts.

Examples

1. *"The parties commit themselves to jointly monitor progress in the implementation of the Agreement and in the attainment of development objectives that may derive from it […]. The monitoring and reviews will also cover the implementation of the trade-supported strategies that the Agreement would sustain, and will be based on qualitative as well as quantitative indicators and benchmarks that will be related to three categories: (a) Effective enhancement by the EU of market access and fair treatment for ESA countries' exports; (b) overcoming capability constraints and improving competitiveness of ESA's production sectors, including through the implementation of supply-side development policies which would eventually need flexibilities in trade rules; and (c) EU contribution of additional resources for development, distinct from existing*

EDF, to facilitate institutional adjustments required for compliance with the EPA, as well as the implementation of supply-side policies that would be supported by the Agreement." (See Annex 12, point 2)

2. The NAFTA agreement provides additional side agreements for monitoring environmental and labour issues to provide information for development assistance and accompanying measures. Monitoring is, however, not formally linked to the trade agreement (see Box 7.1)

3. *"Monitoring and evaluation will take place on three levels, including a global assessment of Aid-for-Trade flows (using data compiled by the OECD-DAC); individual donor and agency progress on additionality and effectiveness (using self-assessments); and in-country evaluations (based on inputs from the IF and TPRs, national Aid-for-Trade Committees, and other relevant mechanisms)."* (AfT Task force on monitoring; see also Box 7.2)

Box 7.1: Provision for monitoring labour and environmental issues in NAFTA

The North American Agreement for Environmental Cooperation (NAAEC) came into force on 1 January 1994, as an overarching framework for environmental cooperation. It is a side agreement to NAFTA and complements the environmental provisions of NAFTA. The NAAEC, aiming to be more than a set of environmental regulations, established the North American Commission for Environmental Cooperation (CEC), a mechanism for addressing regional environmental concerns, helping prevent potential trade and environmental conflicts, and promoting the effective enforcement of environmental law. The CEC has a mandate to monitor the environmental effects of the North American Free Trade Agreement. It provides a mechanism both for investigating allegations of non-enforcement of national environmental laws and for monitoring the adverse environmental impacts of the NAFTA and monitoring compliance with the NAAEC.

"The CEC's efforts to document the environmental effects of trade liberalization in North America result in reviews and assessments that are utilized by trade and environment officials, nongovernmental organizations and the public to inform both trade and environmental policies in the three Parties." Tasks related to this project: "Organize and conduct high-level North American symposia on assessing the environmental impacts of trade; examine emerging environmental trends and conduct monitoring and sectoral analyses; and explore mechanisms to assess the environmental effects of NAFTA."

Source: CEC (2006)

Box 7.2: Proposal by the World Trade Organization for monitoring Aid for Trade
"7. Country-based monitoring and evaluation will provide a more focused, country-specific perspective on whether trade needs are being met, financial resources are being provided, and Aid for Trade is effective on the ground. A monitoring exercise that involves all country-based stakeholders can also provide incentives to foster mutual accountability. An obligation to report regularly on the delivery and effectiveness of Aid for Trade can also help to focus minds on managing for results. The Task Force encouraged recipient countries "to report on trade mainstreaming in national development strategies, such as PRSPs, the formulation of trade strategies, Aid-for-Trade needs, donor responses, and implementation and impact". Different mechanisms can be used to achieve these objectives. The Task Force suggests that "the primary responsibility for reporting to the global monitoring body would lie with National Aid-for-Trade Committees", and urges adequate funding for this work."
Source: WTO (2006)

7.1.4 Use of results

Basic objectives

The primary aim is to ensure that results of the monitoring exercise feed back into the design and implementation of the agreement or accompanying measures. Defining the 'response' dimension of monitoring – e.g. the way monitoring results are used and trigger adjustments, safeguards or accompanying measures - in a legally binding manner would contribute to increasing the effectiveness and credibility of the monitoring process, and hence of the EPAs. It could also alleviate fears that possible negative effects of an EPA (in terms of non compliance or development impact, for instance) would not be addressed by the parties, and would further contribute to policy coherence.

Options

The response dimension can be either defined in the monitoring chapter itself or in the respective chapters (safeguard measures, accompanying measures, ...) which could refer to results of monitoring activities. Monitoring could specifically shape the form of and trigger the application of built-in flexibilities such

as safeguards or trade-related assistance. In addition, the outcome of monitoring could feed into the periodic formal reviews and evaluation of the EPA.

The monitoring results could also be used for transparency and public awareness purposes, for example by forwarding the reports to national parliaments and other interested stakeholders (example 4).

Discussion

What happens with the findings of the monitoring exercise will depend on the level of and the manner in which monitoring is linked to implementation and decision making in the EPA context. Some stakeholders may opt for an approach based on a discussion of the results of the monitoring, without any binding linkages to adjustment or assistance clauses. It may be difficult to determine and agree on an appropriate response, but having a legal basis for the outcome of the monitoring to feed (back) into the implementation of the agreement (in terms of the possible remedies, adjustments, development assistance or revisions of the agreement) will ensure credibility of the monitoring mechanism. The monitoring mechanism should, however, not be formally linked to a dispute settlement system, as this would most probably lead to reluctance of some parties to share information.

Examples

1. The monitoring exercise will provide information for the adoption of appropriate measures, adjustments and review of the agreement necessary to ensure the proper implementation of the EPA and the achievement of its objectives.
2. The monitoring of EPAs may provide the necessary information to activate the safeguards mechanism, through a price or quantitative trigger; in parallel, monitoring results on how the safeguards mechanism operates (and the ability of ACP parties to use it) should inform potential revisions of the safeguard provisions or accompanying measures.
3. *"Not withstanding Article 14 (Tariff Elimination) of this agreement, in the event a specific country has not attained the development benchmarks, it may apply for the derogation of tariff reductions set out in this Title and make provisions for corrective measures".* (ESA 2007, § 19.3).

4. In order to strengthen the transparency of the EPA implementation process and public awareness on its results, the reports of the monitoring exercise will be forwarded to national parliaments, the Joint Parliamentary Assembly, and other interested stakeholders that may so request (including the media).

7.1.5 Basic institutional setting for monitoring

Basic objectives

The aim is to determine the institutional framework for the political oversight of the monitoring exercise and the use of its results, and possibly for the conduct of and consultation process for EPA monitoring. The EPA text could specify the respective roles and responsibilities of the different institutions and stakeholders involved in the national, regional and joint ACP-EU monitoring bodies.

Options

i. One option would be for a Joint EPA Council and its subcommittees (established for each region) to be given all the EPA implementation functions, including monitoring.

   a. The EC has initially proposed to establish for each regional EPA a Joint EPA Council at ministerial level, with different subcommittees, namely a Trade Committee (called 'Implementation Committee'), a Development Committee, a Parliamentary Committee and a non-state actors committee (called 'Consultative Committee').

   b. The EU Council has proposed not to distinguish between trade and development and to establish a Joint Implementation Committee responsible for both (including monitoring).

ii. A Joint EPA Council could instruct the regional/national authorities to identify (or establish, if new) appropriate monitoring institutions (that could also take the form of an independent 'EPA observatory'), give them the directions to take for operational monitoring and then jointly consider follow-up on the monitoring reports. The regional bodies could be responsible for harmonising national monitoring.

iii. Another option would be to simply refer to the need for regional coordination without, however, defining new or responsible institutions.

iv. The national-level framework could be defined in the agreement, with national monitoring bodies (be they part of government, NSA, or parliaments) to present their results to the regional body and the joint EPA Council and affiliated institutions. In this case, the roles of the different national-level institutions/actors involved in monitoring bodies (or task forces) could be specified.

v. The EPA text could further contractualise the role, if any, of existing ACP-EU joint institutions established by the CPA (such as the Joint Ministerial Trade Committee or the Joint Parliamentary Assembly, JPA) (example 2) and other institutions with important mandates on the future of the ACP and Europe (such as the African Union or the European Parliament, see example 3).

vi. Some have proposed the creation of a regional entity or an observatory body in charge of the monitoring of the EPA (and possibly regional integration).

vii. Other stakeholders have proposed specific types of institutions capturing the interests of specific set of actors (e.g. civil society, private sector) with more or less formal roles in the implementation and monitoring of the agreement (example 4).

Discussion

To ensure credibility, accountability and ownership, the monitoring exercise should not only involve government officials but also parliamentarians and representatives from the private sector, civil society and other non-state actors. On both the ACP and EU levels, regional and national authorities should be involved. In this respect, the involvement of EU member states may be crucial as most trade issues fall within the exclusive competences of the Community, though not development assistance.

To increase ownership and accountability, monitoring should be conducted mainly at national level and coordinated by a regional body (task division can follow the principle of subsidiarity, i.e. the regional level would only perform those monitoring tasks that cannot be effectively exercised at the national level).

However, duplication of existing mechanisms and proliferation of consultative structures should be avoided, so where appropriate, national and regional bodies that were established to prepare for EPA negotiations (or other trade and development policies fora) could be responsible for monitoring (the whole agreement or parts of it, see examples 5 and 6). Thus, the establishment of an additional regional structure for EPA monitoring may be contradictory to this principle in regions were appropriate structures are already in place. In addition, it will be very costly, and thus some stakeholders may deem this a rigid and costly structure and may wish to leave it to the countries and regions to establish or identify appropriate bodies without having provisions in the agreements.

In the case of other stakeholders' involvement, the principle of independence of a monitoring mechanism (to minimise political bias or vested interests) should be taken into account. For instance, the idea to directly entrust Parliamentarians with the conduct of monitoring may not be desirable. The option of annual reviews of monitoring reports by parliaments (and the ACP-EU Joint Parliamentary Assembly - JPA) with the formulation of recommendations to the relevant joint EPA institutions is much more in line with the role of parliaments as political institutions scrutinizing the actions of government.

Examples

1. *"The Council recalls that Joint EPA Councils with the effective participation of the relevant ACP States and regions, the EU Member States and the European Commission shall be established for each EPA region so as to ensure that EPAs operate effectively and meet their development objectives. These Joint EPA Councils shall be assisted in the first place by Joint Implementation Committees that will assess the progress made and formulate recommendations on measures for further achievements, including on development co-operation. The concrete institutional setup will be agreed upon by the respective Joint EPA Councils. The Joint EPA Council will have the power to take decisions in respect of all matters covered by the EPAs. The Council underlines that the Cotonou Agreement remains the basis for the EPAs and that the Joint EPA Councils will report to the ACP-EU-Council of Ministers on all matters of common concern to the entire ACP Group of States and the Community ... The Council reaffirms that review clauses as well as mechanisms for monitoring and reviewing implementation and development impacts will be a key part of the EPAs. This will be an integral function of the EPA institutions."* (Conclusions of the Council 2007)

2. Following the model for parliamentary scrutiny adopted by the ACP and the EU for their development cooperation (10th EDF), the parties may commit to: *"transmit the reports of the monitoring exercise of each EPA to the JPA for information at the same time as they are transmitted to the joint EPA implementation institutions"*. National ACP parliaments could be similarly engaged, and be forwarded the same documents.

3. Following the model for parliamentary scrutiny adopted by the EU for its new development cooperation, External Instruments (for non-ACP countries), the European Parliament could be involved as follows: "*The EP's Development Committee will examine the national and regional reports of the monitoring exercise of each EPA to give a political assessment of the progress of implementation and coherence of EPA with EU development policy. Results of such scrutiny will inform resolutions by the Parliament to be forwarded to the joint EPA implementation institutions*".

4. *"Delegates call for the establishment of a Joint Consultative Committee bringing together non-state actors from Caribbean countries and the EU, within the EPA institutional framework. This Joint Consultative Committee would have a mandate to make recommendations on the implementation of the future EPA. It is recommended that the Steering Committee of the 'Caribbean Non-State Actor Network' be included in this Joint Consultative Committee."* (Regional Seminar of ACP-EU Economic and Social Interest Groups 2007).

5. In Kenya, the National Integrated M&E System (NIMES, coordinated by the Ministry of Planning and National Development with linkages across line ministries and civil society) monitors all government policies and is responsible for collating, coordinating, and disseminating information. Any M&E subsystem including the one to be designed for the EPAs is envisaged to plug into NIMES (see Annex 4, point 1).

6. As some ACP regions like COMESA are in the process of establishing monitoring frameworks for their regional integration, steps could be taken to measure the impact of EPAs as part of such regional integration surveillance mechanisms. The East African Business Council and the East African Community Secretariats jointly developed a Non-Tariff Barriers (NTBs) Monitoring Mechanism, with the objective to facilitate identification, reporting and monitoring of the elimination of current and

future NTBs within the EAC Partner States. This mechanism could be allocated the task of monitoring NTBs under EPA.

7. *"A permanent institutional mechanism should be developed to monitor the implementation of the EPAs from the perspective of economic, environmental, and social sustainability."* (PwC 2007, Recommendation No. 12).

7.1.6 Cooperation and development assistance

Basic objectives

Knowing that monitoring is a costly exercise and that resources and capacity in ACP countries and regions are highly constrained, the text of the agreement may further contain provisions for assistance by the EU to support the operation of the EPA-monitoring system, including *inter alia* assistance for the establishment of regional and national level monitoring frameworks, participation of different actors, and the collection/analysis of monitoring data.

Options

Development assistance to allow the ACP to conduct the monitoring exercise may be addressed through the Joint EU Aid for Trade (AfT) Initiative or the EDF, bearing in mind the Paris Declaration principles on aid effectiveness (ownership, alignment, harmonisation, managing for results, and mutual accountability). Provisions on development assistance for monitoring capacity may be rather vague in terms of a reference to capacity building assistance in the context of the AfT Initiative or be part of a specific development or monitoring chapter and thus be a formal component of EPA implementation. The parties may further decide to clarify in the legal text the links between EDF financing, the Joint EU AfT Strategy and assistance for the EPA-monitoring system. If scarce resources do not allow capacity building (CB) for all involved actors and support to monitoring all relevant actions, the text could include provisions for assistance to specific 'priority' actors (example 2) or actions.

Discussion

In this context different stakeholders repeatedly claimed that in most ACP countries data availability is problematic and there is scarce capacity for moni-

toring (even to implement basic safeguard mechanisms as part of existing trade agreements). The EPA provisions on monitoring could thus refer to the need for technical and financial assistance in this respect. Reference could be made, for instance, to support made available through existing schemes and mechanisms, like the EDF or within the context of the AfT Initiative.

The absence of any reference in an EPA to the cost of monitoring and the severe capacity constraints faced by the ACP, and hence their need for support in conducting a monitoring exercise, may greatly reduce the credibility of any EPA provision on monitoring.

Examples

1. The EU is committed to use its resources (Community and Member States) for capacity building for monitoring EPA, including by providing assistance programmes for data collection/ national statistical system reforms.
2. The parties agree that they should both invest in capacity building for Members of Parliaments, in order to enable them to contribute to EPA monitoring and make use of the information generated by a monitoring mechanism.
3. *"Development cooperation should focus on technical assistance for collecting information and data on trade and sustainability, in order to support sound policy development."* (PwC 2007, Recommendation No. 10).

7.1.7 Methods and procedures

Basic objectives

The aim is for the parties to commit to a sound, evidence-based approach and analysis to monitoring and its results. Specifying in the EPA text the basic methodological approach and procedures for the operationalization of a monitoring mechanism could ensure concrete follow-up to its establishment and definition of principles. In addition, agreeing on methodologies and quantitative/qualitative indicators/targets (against which to monitor outcomes of EPAs against development objectives) would to a certain extent formalize the monitoring results within a jointly agreed framework and thus promote an evidence-

based interpretation (which otherwise risks becoming too polemical and political).

Options

Methods, procedures and/or indicators can be:

i. left outside the agreement, with the understanding that the parties to each EPA will discuss them in the implementation phase, through the respective responsible institutions;

ii. identified after an agreement has been signed, but with a joint commitment through an EPA provision that stresses the importance of a results-based monitoring approach, calls for a minimum of harmonisation and comparability, and perhaps concretely names the different institutions that are to develop it (by an agreed deadline), or (example 1);

iii. agreed upon beforehand and included in a protocol or an annex to the agreement (examples 2 and 3 below).

Discussion

The main argument for inclusion of indicators in the legal text of an agreement is that without clear targets that form the basis and framework for monitoring the agreements' results, it would be difficult to assess the development dimension of EPAs, which would remain too vague and broad a term. The same is valid for procedures, for instance bearing on the institutional setting for monitoring: including in the EPA text parliamentary scrutiny or involvement of non-sate actors as a principle of monitoring may not be sufficient if their interaction in the monitoring exercise and with joint EPA committees involved in monitoring is not defined.

On the other hand, it may be difficult to agree, before the conclusion of the negotiations, on methodologies, indicators and procedures that are valid for all parties. Some stakeholders are reluctant to include legally binding targets in the agreement, arguing, for instance, that it is not feasible to define indicators in a negotiating environment, that this should be preceded by the assessment of capacities and by the identification of appropriate methods for monitoring. Key to these concerns is the notion that legally binding commitments on the monitoring approach would conflict with the principle of flexibility required for the

monitoring exercise to be effective. A possible compromise would be to include in the legal text a mandate for the appropriate (independent) agencies to prepare proposals on methods and procedures to be brought to the joint implementation bodies, thus avoiding entanglements in technical/bureaucratic issues while ensuring follow-up.

It has also been noted that while the European Union has committed itself to systematically conduct sustainability impact assessments *prior to* the conclusion of any trade agreement, an EPA could refer to the need of an *ex post* sustainability impact assessment on the implementation of EPAs. Continuous EPA monitoring could usefully feed into such an assessment. Such an approach could be spelled out in an EPA text.

Examples of provisions

1. *"Therefore, the parties commit themselves to: Agree on the benchmarks, indicators and detailed methodologies to be used in the monitoring and review processes within a period of NN days after having signed the Agreement, and initiate the corresponding processes immediately after. To this end, an advisory group integrated by trade and development experts from independent organizations (e.g. UNECA; UNCTAD; WB; OECD; UNDP), will be commissioned the preparation of a detailed proposal on benchmarks, indicators and procedures for the monitoring and review processes, which will be brought to the consideration of (a joint body of) the parties within a period of XX days after having signed the Agreement".* (see Annex 12)

2. Provisions proposed by ESA for an EPA text:

   "1. The parties agree to regularly review progress in the implementation of this Title within the relevant institution and will propose as appropriate any remedial measures.

   2. Every five years the ESA-EU EPA Council shall undertake a formal and comprehensive review in order to:

   i) assess the contribution of Parts XXXX and XXXX towards the achievement of development benchmarks as set out in annex XXXX which shall be derived from ESA national development programs

   ii) ascertain if the development benchmarks have been attained by the individual ESA countries as well as determine whether the Community's trade and development polices and assistance have contributed to individual ESA countries achieving the development benchmarks

iii) monitor policies and the release of resources towards financing activities aimed at building the ESA regional market based on the regional integration agendas" (ESA 2007, Article 19 ESA EPA text Development Benchmarks and Review Clause)

3. The procedures for parliamentary scrutiny of the EPA-monitoring exercise provide for the transmission of the reports of the monitoring exercise to the national parliaments and the regional parliaments of the parties, including the JPA. The conclusions and recommendations of each parliament will be considered by the joint EPA implementation institutions for possible remedies and action.

4. *"To determine success towards poverty reduction targets set in the Ghana Poverty Reduction Strategy (GPRS) poverty indicators will be monitored and evaluated using data from the GSS Welfare monitoring system. This will be supplemented by specific community surveys to be carried out by the GPRS Monitoring and Evaluation system."* (Republic of Ghana 2003; viii).

7.2 Process to make EPA monitoring operational

Taking into account the above recommendations, and to ensure that the monitoring mechanism becomes operational, a number of steps should be taken after the signing of an EPA. The non-exhaustive list of suggestions presented below also aims at ensuring that monitoring in fact serves to strengthen the ownership and transparency of the EPA processes as a whole.

Once the necessary legal basis, functions and basic features have been established by the parties through an EPA legal text, a credible EPA-monitoring mechanism requires a consultative and participatory process to broadly discuss and make decisions on various operational aspects. Only the stakeholders involved can determine concretely the detailed objectives, scope, procedures, and institutions for monitoring in a specific country or region (Section I below) as well as the exact content, indicators, targets, methodology and timing of the exercise (Section II). The actual steps to make the monitoring mechanism credible, transparent, workable and effective will vary depending on the specificities of each ACP country and region and on what has already been included in the EPA legal text.

7.2.1 Institutions and stakeholders

A national monitoring committee – comprising civil society, private sector and government officials, and possibly parliamentarians – should be established (if new) or identified as a result of a participatory process in the ACP countries. Such a process should be initiated immediately after the possible signature of an EPA agreement and before the implementation of specific EPA commitments. In parallel, each EPA region should define a regional framework (if not defined in the legal EPA text) to coordinate national monitoring exercises and harmonise results as well as decide on transparent procedures to operationalise the linkages between national monitoring and regional-level EPA decision-making processes.

The next step would be to conduct a first stocktaking exercise on existing capacity to participate in monitoring exercises at national level, subsequent quantification of capacity building needs, and possible sources of funding. This is crucial as current capacity, existing institutions, and availability of capacity building resources will largely determine what is feasible in a specific country in terms of actual monitoring. After this second step, an adjustment of stakeholder composition, stakeholder capacity needs and capacity building resources may be necessary once the priority sectors and issues are identified and stakeholders can be targeted more precisely. An adjustment of the make-up of the national committee could be necessary if new, particularly marginalised actors have been identified and are to be associated with EPA monitoring.

Since different stakeholders have very different priorities for and interests in an EPA (for instance, between public and private sector or between consumers and producers), the involvement of different actors in monitoring should be guaranteed and the exact contribution and role of each actor clearly identified (provided they have not been defined in the EPA legal text). In particular, the roles of the following bodies should be addressed:

– national parliaments

– existing monitoring mechanisms (such as PRSP or national policy evaluation frameworks[54])

54 An example may be seen in the National Integrated Monitoring & Evaluation System (NIMES) in Kenya. For a brief description of NIMES see the *Report of ECDPM-DIE Monitoring EPA Workshop* (23–24 April, Nairobi, Kenya), available in Annex 4, point 1.

– national and regional bodies that were established to prepare for EPA negotiations (such as the RPTFs[55], or NDTPF in the ESA region[56])

Monitoring results might be biased if some actors are better organised while others lack the capacity to fully engage in a monitoring mechanism. Non-state actors in certain sectors, for instance small farmers, may not have an effective representation (especially in certain countries in Africa, and often at the regional level) and may not receive support for establishing appropriate organisations. Thus the capacity of each involved group of stakeholders to monitor should be assessed and gaps should be addressed.

Importantly, flexibility should be a key feature of any monitoring instrument so that it can be continually adapted to changing conditions throughout the subsequent phases of the EPA process. In this context, it may be useful to define in each country a set of actors that are responsible in the first phases of monitoring, with the flexibility needed for others to step in for certain sectors (e.g. depending on the schedules and sequencing of implementation of EPA provisions).

In addition, incentives are needed to get stakeholders seriously involved. A major incentive would be to ensure transparency of results and to equip the monitoring mechanism with teeth (enforcement power). In this context, a process for the establishment of a national monitoring mechanism should also decide how to use the monitoring results, apart from the formal links to EPA legal commitments (see example in Section 7.1). Options include, for instance, to create awareness and disseminate public information, or to interact with an independent "observatory" on the EPA process. It may be particularly important for the monitoring system to include a sort of 'ombudsman' mechanism to allow the private sector to make its case directly to the highest level of ACP-EU EPA decision-making (a Regional Joint EPA council or others) (instead of going first through slow national-level bureaucracy/procedures) when harm to the business environment is caused by actions (or non-actions) by the EU or

55 Regional Preparatory Task Forces were set up, outside but closely linked to the formal setting of EPA negotiations, to contribute ideas for cooperation activities, to help in the identification of sources of assistance required for EPA-related capacity building and to facilitate the efficient delivery of such support.

56 National Development and Trade Policy Fora were established in countries belonging to the Eastern and Southern African EPA configuration as consultative bodies responsible for formulating national positions on EPA.

the national government as part of EPA-implementation or support programmes.[57] However the monitoring mechanism should remain separate from EPA dispute settlement procedures.[58]

A national monitoring committee may decide to establish sub-committees keyed to different monitoring functions (e.g. compliance, impact, development cooperation, etc) or clusters of monitoring (e.g. impact on consumers/farmers/exporters). Some of the stakeholders consulted emphasized that monitoring should be done by industries (agriculture, fisheries, service...) so that the private sector has better chances of playing a leading role in the mechanism. In this case results could be reported to the competent authorities of the specific cluster (e.g. Ministry of Agriculture) so that these are best placed to implement effectively the required changes.[59]

Alternatively, the national monitoring committee could be comprised of separate fora for private sector, civil society, and government officials. Accordingly, and in line with the suggestion for 'independent monitoring', government officials could be in charge of monitoring compliance, the private sector of assessing the impact on the economy (and related capacity issues), and civil society in charge of monitoring the impact on the poor and other social outcomes of EPA. [60]

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57 For instance, some private sector stakeholders consulted mentioned that more transparency and government accountability are badly needed, as issues related to corruption, red-tape, and lack of implementation of business environment/trade facilitation reforms are the most serious impediments to growth for the Kenyan private sector.

58 Feeding monitoring results directly into the dispute settlement system is likely to lead to a reluctance of parties to share information. Dispute settlement is meant to deal with negative impacts on other partners that result from non-compliance with the treaty provisions. Monitoring on the other hand is supposed to look at the impacts (both positive and negative) on the implementing country itself. For similar reasons in the WTO, the Trade Policy Review Mechanism is kept separate from the Dispute Settlement system, and the information provided for the national reviews cannot be used for formal complaints.

59 For example, the fisheries industry in Kenya has previous experience of a collaboration with the government to monitor implementation of certain policies (for instance, eco-labelling of products), whereby the Kenyan producers appointed an independent monitoring body (such as a consultancy firm) and used its reports to ask the government to make certain legislative/regulatory changes.

60 It emerged from consultations in Kenya and Tanzania, for instance, that there is a pool of researchers, including universities (with increasing numbers of PhD students) and CSOs (such as the Consumer Information Network, Economic Affairs Institute, Econews, or Oxfam), that have improved their ability to undertake relevant trade-related research of the kind

However, before transferring exclusive monitoring tasks to actors with stakes in the EPAs, it should be ensured that the associated risks of bias can be controlled and managed, since monitoring is an immanently political issue (see Chapter 3.3). In many cases participatory approaches will better serve EPA monitoring purposes.

Examples

1. One interesting example of institutional design for national-level monitoring is provided in Annex 4. Stakeholders in Kenya observed that the Ministry of Planning and National Development (MPND) should take on the coordination function, while the concrete monitoring exercise should be done by clusters in the respective line ministries. For each cluster a forum should be established to bring together private sector and CSOs to feed into reporting. The institutional linkage with the Ministry of Planning, coordinating ODA resources and development budget disbursements, would ensure that enough resources are provided for monitoring. Furthermore, coordination of the NIMES is already located with the Monitoring & Evaluation Directorate (MED) of the Ministry of Planning. The concrete monitoring would be done by Central Planning Units (CPU) in the respective line ministries, which are already in charge of conducting the annual reports of each Ministry, and they in turn would report their results to the Ministry of Planning. The costs of monitoring would be reduced by using these existing structures,.
2. An example of a sub-committee of the national monitoring mechanism would be a development committee. Its tasks, varying greatly depending on whether development cooperation commitments are included in the EPA text or the mandate of a monitoring mechanism, may include:
   - assessment of the development cooperation needs of each actor involved concerning EPA monitoring;
   - phasing and prioritization of identified needs and sequencing;

needed for EPA monitoring. With appropriate resources and under the supervision and mandate of the Ministry of Trade & Industry they could undertake such important exercises for data collection. Also, Tanzania has interesting capacities for carrying out EPA monitoring (see Annexes 3 and 4).

– identification of possible funding sources in addition to funds already programmed (EDF, etc), e.g. domestic sources, including private commercial banks, regional instruments, Cotonou, bilateral donors, aid for trade initiatives.

3. An example of ways to concretely involve ACP regional organisations in the operationalization of monitoring would be to assign regional organisations the exclusive competence for and task of monitoring regional integration within the overall EPA implementation process. This will be particularly relevant for some regions that have already induced endogenous initiatives for monitoring regional integration, like the SADC and the COMESA region.

7.2.2 Methodology and substance of monitoring

In addition to clear institutional design and broad involvement of stakeholders, a methodology for and exact content of monitoring EPAs at the national level should be defined as soon as possible. As it is impossible to exhaustively monitor all areas of interest to actors involved in EPAs, it will be necessary to identify, at national and regional level, priority sectors and those inputs (in terms of EPA provisions and EPA-related accompanying measures) that are likely to have a major impact. Given the range of issues and the limited capacity to address them all, it is necessary to prioritize, or at least sequence, what needs to be monitored. This could be done by prioritizing, along the chapters of the EPA Agreement, economic sectors, social groups involved, or the most serious impediments to achieving the EPA goals (see Chapters 4.2. and 5).

Given that the overall final assessment and prioritization will depend on the importance and weight given to each monitored area, the weighting exercise and the underlying assumptions[61] must be made explicit through the consultative process and identification of the methodology.

Once the broad methodological approach for monitoring has been identified through a national participatory process, it will be necessary to define the exact content of monitoring and the related definition of indicators.

61 For instance, on the possible causal linkages between the EPA and the domestic (national and regional) environment.

The methodology for national-level monitoring of EPA should encompass in particular:

i. EPA relevant indicators to be monitored. The identification of indicators should build on a pre-selection using a participatory process of all stakeholders involved in EPAs. A thorough impact assessment, if available (see Annex 6), can help to identify priority sectors, impact domains and inputs.[62]

ii. This study proposes to identify indicators that can be based on a results chain analysis. Result chains link EPA instruments and accompanying measures (national policies and development assistance) over a succession of intermediary outputs and outcomes with expected (positive and/or negative) changes at the impact level of EPAs, i.e. poverty reduction and sustainable development. Capacities to implement EPAs and draw benefits from them can be part of the result chains, as can certain indicators of the wider framework conditions that are known to influence the effects of EPAs and the impact level.

   Result chains would be established in a combined effort with stakeholders, sector and EPA experts and statisticians for the identified key sectors or areas. For the different levels of the result chains (inputs, outputs, outcomes, impacts), indicators will be identified and selected where appropriate. The selection of indicators has to respect the requirements of national EPA concerns. However, at least some indicators have to be comparable at the regional level, for instance implementation of EPA provisions, amount of development assistance or understanding of poverty, in order to compare and aggregate impacts across countries or even at all-ACP level, to provide information and initiate debate on regional reactions such as triggering safeguards and adjustment policies.

   It is proposed to apply a combination of qualitative and quantitative approaches. However, quantitative indicators would remain at the core of monitoring and would be supported by qualitative indicators.

62 In addition to wide consultations with involved stakeholders at the beginning of the monitoring process, also ex ante impact assessment exercises (such as the Sustainability Impact Assessment funded by the EC for the 6 EPA regions) could offer important insights on data availability and suitable indicators at national and regional level.

Targets can be established for selected indicators. This is particularly necessary for implementation indicators (tariffs reduced according to schedules, development assistance according to agreements, legislation adopted according to texts). For results, targets are more difficult to define due to the long chains from inputs to impacts and the large influences of external factors. However, at least at the level of outcomes, targets could be defined, for instance use of new rules of origin by x % of traders, trade flows above x %, etc.[63]

In addition to results chains, open monitoring elements should be added in order to capture important unexpected results, for instance a complaint mechanism.

The quality, availability, reliability and the costs of obtaining data will be important criteria for indicator selection. This in turn will be influenced by existing statistics and monitoring systems such as PRSP, trade, price, production, productivity, social and environmental information systems. In most ACP countries there is scarce capacity even to monitor import volumes and prices needed to trigger basic safeguard mechanisms. To cut costs and harness synergies, consulted stakeholders observed, indicators for EPA-related monitoring should be linked as much as possible to existing in-country processes such as the PRSP or regional integration monitoring. It was, however, also noted that often data collected for policy tools like the PRSP are very general. Thus, sector and trade date have to be gathered. This may be achieved by strengthening existing systems.[64] Some indicators may also be found in international data bases, though the latter will most probably be even less specific to tracing EPA impacts than national systems. EU stakeholders should consider building resources and capacity for monitoring in ACP countries and regions as a key part of the EPA implementation process. Funding for this could be made available through EDF resources and the Joint EU-AfT Strategy.

63 Some researchers proposed using the concept 'Development milestones' for EPA monitoring. These milestones would be EPA-induced policy actions and removal of impediments (including non-action) by both the EU and ACP countries that are necessary to make progress towards the goals of the CPA and the EPA (see Annex 11).

64 Ethiopia, for instance, started building a data system three years ago to analyse implications of policy reforms (for details, see Ethiopian Development Research Institute, http://www.edri-et.org/index.htm).

The final list of indicators should then be discussed with EU authorities as the establishment of joint indicators will strengthen mutual responsibility of both parties in the monitoring exercise. However, in terms of content or objects to be monitored, a certain flexibility should be maintained to make it possible to continuously adapt the national-level methodology to changing conditions throughout the subsequent phases of the EPA process. Results chain analysis should be complemented by monitoring approaches that are able to capture unintended effects of EPAs.

iii. Information collection at all levels should start at a very early point of time to provide baseline information for the further monitoring process and allow the comparison with targets.

iv. A complaint or voluntary reporting mechanism informing the monitoring committee and/or an ombudsman could constitute a valuable complement.

v. Finally there should be a legal commitment on data sharing among/by regional ACP neighbours, otherwise it could be difficult to coordinate and harmonise national monitoring results at regional level.

The selection and implementation of the methodology will require thorough expertise to ensure availability and feasibility of results. Thus, it may be necessary to provide training, including for moderators and statistical experts.

Examples

1. Examples of indicators on the development cooperation part of EPA include:

   – basic quantitative indicators on commitment and disbursement levels: e.g. volume of EPA-related assistance committed by donors and by the country itself in various assistance areas previously agreed; share of aid channelled through budget support or other instruments, discrepancies between annual commitment and effective disbursement by donors.

   – qualitative indicators to judge aid effectiveness, for example perception of ownership (integration of trade issues into national development programmes, including PRSP, knowledge and degree of participation of different actors in aid programming) and policy align-

ment (programmes implemented are in line with national development strategies).

2. Interesting examples of indicators in the area of non-tariff barriers (NTBs) that could replicated directly for the EPA-monitoring exercise can be found in the context of the NTB Monitoring Mechanism established by the East African Business Council and the East African Community Secretariats with the objective of facilitating the identification, reporting and monitoring of the elimination of current and future NTBs within the EAC Partner States.

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Annexes

Annex 1 ECDPM-DIE Workshop in Brussels on 21 February 2007

Summary Report
on the ECDPM-DIE consultative workshop on
A Monitoring Process for the Implementation of EPAs

21 February 2007, Sofitel Hotel, Brussels

In the context of negotiating ACP-EU Economic Partnership Agreements (EPAs) there have been repeated calls for a monitoring mechanism. In 2005 EU Member States committed themselves to closely monitor EPAs so that they help achieve development objectives and to "establish and implement an improved monitoring mechanism against development objectives within the EPA process" (Council of the European Union, 2005).

Responding to these calls, the European Centre for Development Policy Management (ECDPM) and the German Development Institute (DIE) have launched a joint activity that aims to elaborate options for monitoring the implementation and impacts of EPAs together with key stakeholders from Europe and ACP countries. This activity is co-financed by the German Ministry for Development Cooperation. More information regarding the project is also available on the website: www.ecdpm.org/trade/epamonitoring.

As part of their consultation process, ECDPM-DIE organised a one-day consultative workshop with ambassadors, officials, trade and monitoring experts from the ACP and Europe in Brussels on the 21st of February 2007. The purpose of this workshop was to discuss objectives, key features, methodological and institutional options for an EPA-monitoring mechanism.

Summary

The discussion focused on the importance of identifying a clear process for monitoring EPAs. Different potential purposes of the monitoring process were explored, including:

- compliance with EPA commitments,
- the capacity of the ACP to implement the agreements, to effectively take advantage of the new opportunities they offer and thus to undertake appropriate reforms and adopt side adjustment policies and measures, and

– their impact on development, poverty alleviation and regional integration.

The challenge is to design a monitoring mechanism that provides information on these issues in a timely manner and guides further adjustments in such a way as to ensure that EPAs and supporting measures effectively deliver on their stated development objectives. In order to ensure the maximum use and usefulness of an EPA-monitoring exercise, it appears essential that the ACP and the EU jointly agree on:

– the scope, process, focus, and format of the monitoring process,

– the constraints and capacity requirements of the ACP, addressing those related to EPA monitoring,

– finding a way to ensure that the results of monitoring can effectively influence subsequent policies to ensure the necessary pre-conditions are met prior to tariff liberalization (i.e. how to change actions if EPAs are not delivering the desired impacts).

If a consensus can emerge on these key dimensions during the EPA negotiations, it will facilitate the monitoring process and enhance its usefulness; in particular, it will make the identification of trade and development EPA-related benchmarks and indicators and the gathering of appropriate data and information easier and more transparent. As a result, the EPA-monitoring exercise will become less politically charged or biased and more results-oriented.

Indeed, monitoring becomes more effective and functional if it is anticipated and specified to the greatest extent possible in the agreement itself. This would also provide for:

– a better institutionalisation of the monitoring process and

– its results to inform decision making on the implementation of EPAs, accompanying measures and policies, development assistance and possible remedies;

– the outcome of the monitoring to feed into periodic reviews that would be provided for in the agreement.

Given the importance of this integration of the monitoring process in EPAs, the monitoring issue should be addressed during the EPA negotiations rather than later on. In order to ensure an effective impact of monitoring on implementation, the contracting parties, i.e. EU and ACP countries and regions, need to be actively involved at the governmental, parliamentary and

stakeholder level. However, in order to ensure greater ownership, proposals for monitoring principles should come from the ACP and it should be ensured that the monitoring process does not become dependent on EU experts and expertise Furthermore, it should be noted that monitoring can be envisaged both at the national and regional levels, keeping in mind that to be meaningful, regional monitoring should build on specific national considerations. Careful attention should be given to who should be involved in the monitoring process, what should be the approach and priority focus of monitoring (i.e. identifying the most pertinent dimensions for the country and region concerned), and how to carry out the monitoring (including in terms of methodology, but also capacity and financing of monitoring).

By clarifying and spelling out trade & development objectives, and the ways to reach them, an agreement on monitoring could also facilitate the EPA negotiations. The issue is currently being discussed in the EPA negotiations with the Caribbean, notably with the proposal to put in place a Joint EPA Council.

ECDPM and DIE are currently consulting stakeholders and working on a study to further explore and specify the issues of monitoring mechanisms for EPAs.

Presentations and report available at:
www.ecdpm.org/trade/epamonitoring

Annex 2 ECDPM-DIE Workshop in Brussels on 14 June 2007

Summary Report
on the consultative workshop on
A Monitoring Process for the Implementation of EPAs
What Recommendations for a Way Forward?

14 June 2007, Sofitel Hotel, Brussels

Following up on the consultation in February 2007, ECDPM and DIE organised a half day follow-up workshop on Monitoring EPAs in Brussels.

The purpose of the workshop was to elaborate concrete recommendations for a way forward, covering both (i) key functions and institutional questions that should be covered by the legal text, and (ii) and concrete steps that should be taken after signing an EPA to ensure that monitoring becomes operational and effective.

The workshop was split into two sessions according to the above mentioned questions.

What to include in the legal EPA text?

In order to make the monitoring mechanism useful and operational, it is important to establish it as part of the EPA provisions. The purpose of the first session was thus to start identifying those features that should be covered by the legal text.

After a short presentation summarizing key elements of the background paper circulated for this workshop[65], participants discussed whether and how different aspects of monitoring should be contractualised.

There was general disagreement among different participants with regard to the scope of monitoring-related provisions that should be part of an EPA legal text. It was noted that trade-offs exist between the need for policy space and flexibility on the one hand and on the other the need for concrete provisions in the EPA text to ensure that monitoring becomes operational and serves the

65 The background note is available at www.ecdpm.org/trade/epamonitoring.

need of all stakeholders concerned. Thus, while some felt that it would be best to keep monitoring related provisions rather general to allow for flexibility in view of country specific needs and changing conditions,[66] others wanted to have concrete provisions in the agreement that set up the exact framework for monitoring EPAs.

Stakeholder views further differed on the question of what would be the most important issue to be contractualised in an EPA legal text. While some participants highlighted the need to define monitoring institutions, others argued that the key is to agree on the content of a monitoring mechanism (i.e. priority areas to be monitored).

Participants agreed that monitoring should not focus exclusively on monitoring the implementation of EPAs but should encompass the outcomes and impacts of implementation, which should be mentioned in the legal text. There was, however, a key disagreement on whether to include concrete indicators in the EPA legal text.

Most representatives from EU member states and the EC rejected the idea of including indicators in the legal text and maintained that indicators could not be agreed before the end of negotiations, and in any case should be country-specific. They further argued that contractualisation of indicators would not allow for the required flexibility.

Some NGOs and ACP stakeholders, however, claimed that the development dimension of EPA has to be conceptualised and targets defined accordingly. It was argued that without clear targets that form the basis and framework for monitoring the agreements' results it would be difficult to monitor the development dimension of EPAs, which would remain too vague and broad a term. Thus, some participants proposed to make the implicit causal chain from trade rules to development objectives explicit in the EPA text and accordingly include main indicators in an annex to the agreements (as proposed in the EPA text drafted by the ESA region[67]). These can be either agreed on beforehand, or

66 As result of EPA implementation, specific conditions and needs may change in terms of the evolution of economic and social situations as well as in terms of institutional settings, for instance in the relationship and respective roles of the Regional Economic Communities and the AU institutions.

67 According to article 19 of the EPA text proposed by the ESA region, the ESA-EU EPA Council will undertake every 5 years a formal and comprehensive review in order to assess the contribution of EPAs towards the achievement of development benchmarks as set out in the annex of the agreement. Ethiopia was mandated to come up with a proposal for such

be included as provisions in the agreement that concretely name different institutions that are to develop these indicators. In any case, the identification of indicators should be done by independent institutions that have combined trade and development expertise.

The discussion on whether and how to include provisions on the institutional design of a monitoring mechanism in EPA texts was controversial.

The EC proposal to establish for each regional EPA a Joint EPA Council at ministerial level, with different sub-committees, namely a Trade Committee, a Development Committee, a Parliamentary Committee and Non-state-actors Committee, was only partly accepted. Many stakeholders, including officials from EU member states, deemed this a rigid structure and criticised the establishment of new complex institutions. They argued that monitoring should be linked as much as possible to existing institutions (avoiding building parallel structures) and that the details of the institutional design should be left for further discussion between the parties of each regional EPA (taking especially into account the arrangements and procedures of the various ACP-EPA configurations).

The question of how to link these institutions with the CPA joint institutions (such as the JPA or the JMTC) as well as with the all-ACP and ACP regional/national organisations was raised. In this context the mandate of the African Union (AU) to monitor and harmonise negotiations and implementation of EPAs for Africa was highlighted. Similarly on the EU side, it was argued that both the EC and EU member states should be represented in the EPA institutions (including on monitoring), in line with respective competences. Furthermore the distinction between trade and development in the sub-committees structure was criticised and it was proposed to establish a single committee responsible for both trade and development.

Participants agreed that parliamentarians and non-state actors must be involved in the monitoring. There was disagreement, however, on exactly how to capture this in an EPA legal text. It was emphasized that simply referring to

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concrete development benchmarks for the ESA region. According to this proposal, the: (i) increase of export volume and revenue; (ii) diversification of export base and (iii) value addition on exports are the three main components to measure whether EPAs contribute to broader goals derived from the CPA (such as poverty reduction, sustainable development and integration of ACP countries into the global economy = 'core benchmarks'). In order to achieve these goals, a set of actions that - within a definite timeframe - oblige the contracting parties to act to address the problems has to be defined in the annex of the agreement.

the need for consultation would be not enough. In the case of EPA negotiations, despite the fact that all parties committed to involve NSA on a regular basis and repeatedly emphasized the importance of such involvement, in many countries the lack of participation of NSA in EPA negotiations has been a serious problem and led to a perceived lack of transparency in the EPA process. Thus it would not be sufficient to merely include NSA involvement as one of the principles of the agreements, and mechanisms for actual participation should be inserted in the legal texts. Other participants argued on the contrary that it is the responsibility of governments of European and ACP countries to ensure participation in and ownership of the process (of EPA implementation and monitoring), and thus any such dimension would go beyond the scope of an EPA legal text.

Some participants further stressed that the exact structure and procedures of monitoring would largely depend on its purpose, in particular on whether monitoring will trigger safeguards, accompanying measures or a review of the agreement. The operationalization of monitoring would thus depend on its functions and on the possibilities for revision (that should be agreed upon as part of the overall outcome of EPA negotiations). Such a 'response' dimension of monitoring – e.g. the way monitoring results are used and trigger adjustments, safeguards or accompanying measures - would thus be of special interest and should be defined in the legal text.[68]

Most participants agreed that a minimum agreement on the overall setting for an EPA-monitoring mechanism, which should in principle be the same for all regions, would be necessary to make results for the different EPA regions comparable.

Process to make EPA monitoring operational

The purpose of the second session was to start identifying first steps that will induce a process aimed at the timely establishment of an effective monitoring mechanism that becomes fully operational.

The session was introduced by a presentation highlighting a number of points. To make the monitoring mechanism fully operational, the first step should be to identify key stakeholders to be involved, including trade and development

68 It was also emphasized that different kinds of response may require different mechanisms and the participation of different stakeholders. E.g. monitoring for compliance purposes may be most efficiently done by signatory parties, while monitoring impacts on the rural poor may require a more consultative approach and include farmer organisations.

experts. Monitoring results might be biased as some actors are better organised, while others, like farmers organisations, often lack the capacity to fully engage in a monitoring mechanism. Thus the capacity of stakeholders to monitor should be assessed and gaps identified. It may be useful to define a set of actors that are responsible for monitoring, with sufficient flexibility for others step in for certain sectors (e.g. farmers in monitoring market access in agriculture).

In a second step, it will be necessary to identify at national and regional level priority sectors and those inputs (in terms of EPA provisions and EPA-related accompanying measures) that are likely to have a major impact. The choice of methodology will depend on sectors and areas selected. However, the "results chain analysis" may be a useful methodology based on the input – output – outcome – impact chain.[69] In identifying this results chain for key sectors it has to be kept in mind that the further one goes down the results chain, the more difficult it is to see causalities.

Two of the possible options to define indicators are through ex ante impact assessments (SIA) or/and consultations with stakeholders at the beginning of the monitoring process. Assistance might be needed for timely collection and processing of data.

In the ensuing discussion, the proposed steps were generally accepted. It was stressed that monitoring must be country specific, linked with existing monitoring systems and will have different costs per region as monitoring will get more expensive if data is not yet available.

It was further emphasized that it may be necessary to establish a complaint mechanism to cover unexpected effects as results chain analysis can only cover expected results. More generally, it was stressed that incentives are needed to get stakeholders seriously involved and that major incentives would be to ensure the transparency of results and to equip the monitoring mechanism with teeth (enforcement power).

Looking into the feasibility of results chain analysis in ACP countries, it was noted that monitoring will most probably depend on resources made available

69 A result chain describes the EPA-induced policy changes and the most important accompanying measures and goes on to identify key (positive and negative) consequences at the subsequent levels of outputs, direct and indirect outcomes and impacts for different stakeholders. Indicators then have to be identified for important steps in this results chain to measure progress towards goals.

for the conduct of the monitoring exercise and related capacity building. In this context it was mentioned that in most ACP countries there is scarce capacity even to implement basic safeguard mechanisms as part of trade agreements. To cut costs and use synergies, most participants agreed that EPA monitoring should be linked to in-country processes such as the PRSP. It was, however, also noted that often data collected for policy tools like the PRSP are very general. Thus, sectoral and trade data have to be gathered. This may be achieved by strengthening existing monitoring systems. 70 In any case, basic systems to gather trade data have to be in place in every country. In this context EU stakeholders confirmed that building resources and capacity for monitoring in ACP countries and regions will be a key part of the EPA implementation process and funding for this should be made available through the Joint EU-AfT Strategy. This would also encompass improvement and generation of trade data.

Some participants highlighted that causality of observed effects might be difficult to prove. In order to isolate EPA effects from effects of other policy reforms (e.g. reforms induced in the context of WTO obligations), policy reforms have to be monitored as well. This will give hints as to causal relations of observed results that are not induced by EPA and related measures.

Finally, it was emphasized that Regional Environmental Center (RECs) should be included in monitoring EPAs and that it may be useful to assign them the task of monitoring regional integration (RI) within the overall EPA-monitoring framework. This will be particular relevant for some regions that have already induced endogenous initiatives for monitoring regional integration, like the SADC and COMESA regions.

Conclusion

The chances of reaching agreement on concrete recommendations and possible provisions for monitoring to be included in an EPA legal text were limited by the range of differing views held by various stakeholders, as the latter differed not only in terms of whether the agreements should contain monitoring related provisions and in how much detail but also regarding the content, scope and format of a monitoring exercise.

70 Ethiopia, for instance, started establishing a data system three years ago to analyse implications of policy reforms (for details, see Ethiopian Development Research Institute, http://www.edri-et.org/index.htm).

However, participants came up with some important suggestions and agreed on some key aspects. Consensus could be reached on the need to achieve a minimum understanding between the parties on scope, key areas, institutions and stakeholders to be involved in monitoring before the end of the negotiations. Such agreed minimum elements, starting with an obligation for all parties to conduct effective monitoring, should be included in the EPA legal text. Moreover, all participants also agreed on the need to build capacity for monitoring and to establish synergies with existing similar in-country processes as well as on the importance of the response dimension of monitoring.

Presentations and report available at:
www.ecdpm.org/trade/epamonitoring

Annex 3 DIE-FES Workshop in Dar Es Salaam, Tanzania, 28 Feb. – 1 March 2007

Background

As part of the DIE/ECDPM project on the development of a monitoring mechanism for EPAs, a workshop was organised in Dar-es-Salaam, Tanzania on February 28 and March 1, 2007. In the same week a series of bilateral meetings was held with representatives of different stakeholders. The main aims were 1) to identify the positions and ideas of a wide range of actors on the possible contents, purpose and objectives of a monitoring mechanism and 2) to "test" the application of results chain analysis in practice. The workshop participants represented a wide range of stakeholders, including representatives from government, NGOs, private sector and academia. In addition, a number of bilateral meetings were held with stakeholder representatives who could not attend the workshop. These efforts were greatly facilitated by the fact that the Friedrich Ebert Foundation acted as a co-organiser of the workshop, and not only contributed financially and logistically but also made use of contacts from its already well-established dialogue programme with these actors on EPAs.

1. Workshop

The workshop started with a word of welcome from the co-organisers, Wilman Kapanjema of Friedrich Ebert Foundation and Michael Brüntrup of DIE. Dr. Brüntrup also introduced the background to the project and the programme and purpose of the workshop. He emphasized that the discussion on a monitoring of EPAs was not intended to create additional pressure to finalise the negotiations by the end of 2007. The aim was solely to have at least some elements of a monitoring mechanism at hand if and when the negotiations are completed.

1.1 State of play in SADC-EPA negotiations

In the following presentation, Dr. Livingston Kaboyoko, from the Department for Trade and Industry Tanzania, presented the state of play in the on-going EPA negotiations in the SADC region with a focus on Tanzania's priorities and its membership in overlapping regional configurations. The priorities identified by the SADC region are Technical Barriers to Trade, Sanitary and Phytosanitary measures, Regional Integration and the Development

Dimension, especially regarding supply side constraints. The problem here is that DG Trade has no mandate to negotiate on development assistance, and therefore the crucial issue of supply side constraints needs to be addressed either bilaterally with individual EU member states or through the European Development Fund (EDF).

One important challenge for regional integration derives from the fact that South Africa, which is a member of SADC, already has a Trade and Development Cooperation Agreement (TDCA) with the EU. It took the EU a long period of consideration before it asked for cohesion and ultimately a merger of the TDCA into the negotiations and the prospective agreement with the SADC-EPA region. The members of the SADC-EPA region are not agreed with this and note that other SADC members perceive that their interests differ considerably from those of South Africa.

The parallel membership of Tanzania in the SADC-EPA region and the East African Community (EAC) poses another challenge. EAC has already established a Customs Union amongst its members. However, Kenya and Uganda, its other members, are negotiating EPAs as part of the ESA region, as are Rwanda and Burundi, which are about to join EAC. Tanzania hopes to resolve the potential problems arising from this through harmonisation of the SADC and EAC (and thereby the ESA region) tariffs with the negotiations on a common external tariff for the COMESA region and the long term objective of the African Union to harmonise tariffs amongst all African countries. Since these processes are unlikely to be completed by the end of 2007, Tanzania will probably need more adjustment time to resolve this problem.

In the discussion it was stressed that one important issue to monitor is the preparedness of ACP countries and regions to enter into EPAs. The different and usually longer timetables for independent integration processes are a point in case. It was asked whether Tanzania has a clear idea of what it really wants from the EPA, and whether it has the capacity to negotiate it. It was questioned whether there is sufficient data available for Tanzania to make good decisions and feed into a monitoring system. For both decision making and monitoring, civil society in Tanzania needs to be better prepared to make inputs. It was stated that EPAs have to address supply side constraints, otherwise they could be considered useless.

1.2 Methodological issues and identification of impact chains

The next session dealt with methodological issues of monitoring. Tobias Reichert gave a background on monitoring methodologies with an emphasis on results chain analysis, with a view to preparing for a practical exercise in its application during the workshop. Since EPAs were still under negotiation during the time of the workshop, it was obviously not possible to monitor their actual implementation, let alone impacts.

So participants were asked to identify the sectors and broad monitoring areas which in their perception are most likely going to be affected by the policy changes induced by the EPAs. After a brief discussion in the group, four sectors were identified:

- Agriculture
- Manufacturing
- Tourism
- Fisheries

In a next step an attempt was made to identify impact chains and possible indicators. To do this, the workshop was divided into three working groups, each of them given the task to identify an impact chain for one of the sectors, with one group dealing with the two "natural resource based" sectors, tourism and fisheries. In the workshops, the "metaplan" method was used, with participants noting policy instruments and results on cards, which were then clustered on the basis of result level (output, outcome, impact) and which direct and indirect results are derived from which instruments/inputs. The position of each card and the causal links to results at higher levels were discussed more or less extensively in each group.

All three working groups were able to come up with a meaningful results chain. The group on "natural resources" produced two. Pictures of the results chains developed are presented at the end of the paper, a brief summary of the impact paths in the different groups is given below:

a) Agriculture

In the agriculture sector the policy changes which were expected to have the most important impacts were reduction of tariffs on EU exports as well as from other SADC countries into Tanzania and reduction of Non-tariff Barriers,

especially SPS measures for Tanzania's exports to the EU and other SADC countries.

The outcomes expected from these changes were:

- Increased intra-regional trade in agricultural products, and probably higher agricultural gross domestic product (GDP) in the region
- Changes in agricultural production patterns in Tanzania, with net effects on production and agricultural GDP unclear
- Lower tariff revenues for Tanzania

The impacts on regional integration are therefore expected to be positive, the impacts on rural employment and poverty reduction in Tanzania unclear.

Indicators to monitor were identified as:

- Value added per farmer/agricultural worker
- Cereal yield
- Growth in agricultural value-added
- Agricultural policy costs index
- Crop production index
- Livestock production index
- Volume of exports
- Volume of imports

(not exhaustive due to lack of time)

b) Fish Industry

In the fisheries sector, the policy change or input that was expected to have the biggest impacts was considered to be Aid for Trade, especially support for hygiene and other SPS-standards. A second important policy "input" would be reduction of regional trade barriers.

The immediate outputs would be a greater ability of the Tanzanian fish industry to meet standards for the EU market and lower tariff barriers within the region.

The direct outcomes of these developments are expected to be expanded markets for Tanzanian fish in the region and easier access to EU markets. The

indirect outcome would be increased catches of fish, especially from Lake Victoria.

A broad range of indirect outcomes from this was identified by the working group, including the risk of overfishing certain species in Lake Victoria, with the consequent loss of livelihoods for small scale fishermen, an increase in industrialised fishing and fish processing, which may contribute to job creation, a change of eating habits, with decreased fish consumption due to higher prices in response to increased exports and accordingly reduced domestic supplies, and even increased availability of protein animal feed from fish residues.

On the impact level, the poverty impacts obviously depend on the balance between employment generated in commercial fishing compared to incomes lost in small scale fishing and whether small scale fishermen will in fact be able to find new sources of income outside fishing. Environmental impacts may be mixed; e.g. since many small scale fishermen use dynamite, its decline may result in lower chemical pollution. On the other hand, industrial fisheries and factories may result in higher pollution with processing waste if this is not properly managed. Overfishing of certain species might have negative health impacts, since these fish eat mosquito larvae and a decline in their numbers can result in a higher number of mosquitos and hence malaria.

Indicators for effects on the output level include:

- Expenses in investment, capacity building for meeting SPS standards
- Share of fish exports rejected for hygiene reasons
- Applied tariffs for intra-regional trade in the SADC-EPA region

The central indicator on the direct outcome is

- Trade volumes overall (locally, regionally and EU)

Indicators for indirect outcomes include:

- Annual catches of fish in commercial fishing in metric tonnes, disaggregated by fish species
- Data on fishing capacities (number of fishing ships and processing factories)
- Number of fishermen employed in the industrial fishing sector
- Number of subsistence fishermen and traditional fishing boats
- Change of eating habits - level of protein in diets (surveys)

In addition, the working group identified a number of measures to address potentially negative impacts.

Maximum catch quotas should be set for different fish species; this could be supported by the EU, the main export market, which should provide data on the amount imported from Tanzania and other West African Countries.

An alternative/additional source of livelihood for traditional fishermen could result from an increase in artisanal fish farming.

c) Tourism

The same working group developed a (less detailed) impact chain of the tourism sector as well. Here the two policy inputs that were expected to have the biggest impacts were investment and competition policies, the inclusion of which is still under debate in the negotiations, and aid for trade, especially in the area of infrastructure and accompanying domestic policy reforms. Some investment related issues may become part of the EPAs as part of commitments in the services sector.

The outputs of these changes could include more secure land rights, clearer conditions for foreign investment and more landing rights for foreign planes and ships, allowing organisers to arrange for trips more easily. The direct outcomes can be expected to be increased FDI in the tourism sector and a higher number of tourists entering the country.

The indirect outcomes of increased FDI can include a better directly tourism-related infrastructure such as hotels and resorts but also to a certain extent "supporting" infrastructure like roads and telecommunications that could also be useful for the broader public. Other outcomes include increased employment in the tourism industry, higher demand for Tanzanian products, and where investments take place in eco-tourism, conservation may be promoted. On the negative side, tourism may result in the over-use and consequent degradation of natural resources.

A higher number of tourists may have also have indirect socio-cultural outcomes. There is a risk of cultural deterioration and promotion of a consumerist lifestyle. Positive effects can derive from inter-action with tourists from countries with a higher level of human development, including more gender equality.

No indicators were identified for this impact chain.

d) Manufacturing

The working group on the manufacturing sector saw changes in rules on FDI, rules of origin in the EU and reduction of tariffs in Tanzania as the most important policy inputs. The group focused directly on the levels of outcomes and identified technology transfer and increased export opportunities (especially in the textile sector) as most likely ones. Indirect outcomes would be higher employment with a positive impact on poverty reduction.

On the other hand, the outcome of lower tariffs on industrial goods in Tanzania were seen as dominant, with a significant loss in government revenue and de-industrialisation and loss of employment, resulting in more poverty and brain drain of qualified workers. That would have negative impacts on poverty and other important development objectives such as health and domestic security.

No indicators were identified for this impact chain.

1.3 Conclusions

The "quality" of the impact chains varied, especially at the level of detail at which different possible outputs and outcomes were identified. One important factor at work here seems to have been how familiar the facilitators of the respective working groups already were with the results chain methodology and whether they attended preparatory meetings with the organisers. Another important factor was how broadly the sectors were defined - the narrower the sectors, the more detailed and informative the impact chains, hence the impact chain for fisheries was more detailed than that for the manufacturing sector chain.

Despite being invited, relatively few representatives of private sector organisations and government attended the workshop. Hence the majority of participants were from NGOs, social groups and academia. The workshop also suffered from an very small timeframe: Key sectors and impact chains had to be identified done within one day. However, all participants regarded the work on impact chains as a very valuable experience which also greatly enhanced their own understanding of the possible impacts of EPAs on the Tanzanian economy and Tanzanian society. In conclusion, the participants agreed that a monitoring process for EPAs should focus on the results and impact level and involve representatives of all affected stakeholders. Loss of revenue from tariffs resulting from liberalisation was highlighted as a key issue for monitoring.

2. Main points from individual interviews

Prof. Mlawa: National Chairman of Board of External Trade

The EPAs have a wrong starting point: they assume that ACP countries are capable of producing what is demanded in foreign markets. However, this is normally not the case. An example are agricultural products: while Tanzania can produce rice and livestock at competitive prices, it cannot provide the quantities that are required by global companies on a reliable basis. Tanzanian companies often lack the expertise to make use of market niches, e.g. in honey and cotton clothes. Hence also existing preferences, also under AGOA, are hardly used. Therefore EPAs must focus on supply constraints, which requires a link to the EDF. The key problem is that the negotiations do not allow for such a formal link.

A monitoring process needs to ensure that the information available in private companies is utilised. They know their needs and problems, but no one is listening to them. The Board of External Trade acts as facilitator for these information flows, but lacks funds and political influence. Many politicians support the revenue authority rather than entrepreneurs. There is no policy strategy on the use of trade for development in Tanzania, and probably most of Africa. Many decisions are highly politicised.

Confederation of Tanzanian Industries

The Confederation of Tanzanian Industries (CTI) has been fully involved in the national EPA process, and it has the vice chair of the co-ordination committee with the trade ministry.

From CTI's perspective, EPAs are a must, since Cotonou preferences would be terminated without them. They can also provide an added value compared to the Euro Banking Association (EBA) initiative, since they address rules of origin, SPS measures and trade facilitation. Public procurement is already liberalised. EPAs might increase transparency, but this is not sure since most decisions are now decentralised. Investments should be liberalised selectively on a sectoral basis.

The only major problem with them is reciprocity, especially for LDCs. 50% of Tanzanian industries are already liberalised, and most of the rest will be soon, without major problems. For around 100 products, a longer time period of 20 years is required before liberalisation. A list of these sensitive products was defined based on criteria indicating which industries need protection and which are important for government revenue.

Tanzania should use EPAs as "training" on how to liberalise with the rest of the world and test its strength. The EU will remain Tanzania's most important trading partner for many years to come.

Monitoring, especially impacts of EPAs, will be important to inform recommendations for mitigation measures. Existing regional agreements, for example the EAC, do not have a monitoring system. As a result, there are no effective channels to process information and complaints from business, and it is not clear what impacts they have.

CTI recognises that a monitoring mechanism that represents different stakeholders cannot make real decisions, although it can at least highlight issues. It should allow for information that is available faster than data from the Bureau of Statistics. For example, CTI has its own surveys, but only amongst its members.

On a regional basis, COMESA and UNCTAD recommend harmonised databases, but the EAC countries still use different statistical systems.

In terms of the regional configuration, most Tanzanian businesses prefer the ESA region, with which it has a trade surplus. In SADC there is concern about competition with South Africa. The government is, though, to remain in SADC mainly for political reasons.

Mr Nyantake, Consultant

Tanzania already has a number of monitoring processes for economic policy. The Independent Monitoring Group on Economic Development reports to the President's office, and compiles data on poverty and economic development.

The Tanzania National Business Council consists of 20 government ministers and 20 representatives of the private sector, and is chaired by the President. It discusses mainly macro-economic issues and investment policies. In principle, farmers organisations such as the Tanzania Farmer's Association and the Chamber of Agriculture and Livestock are also part of the Council, as are academics and NGOs, but in practice they are often not represented. The Council has technical working groups on a number of issues including on trade, but Mr Nyantake was not sure whether there is a specific group for EPAs.

There is also monitoring group on the Growth Poverty Reduction strategy in the Ministry of Planning. EDSF runs a "development gateway" for Tanzania and hosts Internet based discussions on a number of issues.

On the regional level, only the East African Business Council is active in the EAC region. Other stakeholder groups do not have functioning regional co-operation.

Gideon Nasani, Vice President, CTI

As one of the few business representatives, Mr Nasani saw larger benefits for Tanzania as a member of SADC rather than the ESA region. He explained this ass a result of greater complementarity in economic structures, since South Africa is already industrialised, and in addition may provide some special and differential treatment for LDCs like Tanzania.

Some elements of the trade protocol of EAC are not well respected, especially in the area of rules of origin. Uganda already imports processed fruit juice from South Africa at the (lower) tariff rate for inputs, and then re-packages and sells it on the regional market. Rules of origin are poorly enforced in the cement industry as well. An effective monitoring system could help remedy this situation.

East African Business Council, Acting Executive Director

Mr Mosses believes that monitoring could be very helpful in the EPA process. It would have to establish "critical control points" where stakeholders, particularly business associations, can provide information.

East African Business Council (EABC) carries out polls on trade policy and publishes an annual business climate index. In the customs union of EAC, public awareness increased only shortly before the Common External Tariff was agreed. EABC is now starting an impact analysis of the custom union, which includes a monitoring mechanism of Non-Tariff Barriers, including an annual survey amongst companies.

Farmers are less organised than in other sectors, but an East African Farmers Federation (EAFF) does exist. EABC wants it to become a member. Fisherfolk are even less organised.

At a greater regional level, Mr Mosses expects some convergence in COMESA, but it is not clear whether a customs union can be agreed.

The idea of an electronic process to collect data and inputs for monitoring is good, but needs back-up through other means.

Annex 4 ECDPM-CUTS-FES Workshop in Nairobi, Kenya 23–24 April 2007

EPA Development Benchmarks & Monitoring:
Workshop organised by CUTS, ECDPM and FES in cooperation with APRODEV

23–24 April 2007, Nairobi, Nairobi Safari Club – Workshop Report

1. Introduction

Following a brief introduction by ECDPM on the main findings from previous consultations and workshops conducted in Tanzania and Brussels, Mr. Andrea Morara presented the paper 'Towards a Monitoring System for the Economic Partnership Agreements: A Kenyan Perspective', which was prepared as a background paper for the conference.

He described the Kenyan Monitoring and Evaluation System and discussed how existing mechanisms and structures could be used for EPA monitoring.

a) The Kenyan M&E system

The Economic Recovery Strategy for Wealth and Employment Creation (ERS), the overarching national development strategy in Kenya, provides the overall framework for the development of the National Integrated M&E system (NIMES). Coordination of the NIMES is located with the Monitoring & Evaluation Directorate (MED) of the Ministry of Planning and National Development (MPND). The Monitoring and Evaluation Department is responsible for collating, coordinating, and disseminating information. MED has established a coordination framework, consisting of horizontal linkages across line ministries and civil society at the central and devolved levels, and vertical linkages from the cabinet to the district level. Further, a national Monitoring and Evaluation Steering Committee has been established, comprising government stakeholders from the Ministries of Planning and National Development, the Ministry of Finance, development partners, and NGOs.

The Central Planning & Project Monitoring Units (CPPMUs) are the main units in all government ministries responsible for monitoring and evaluation of

the implementation of their respective ministry's strategic plans. The intention is to have the CPPMU monitor and evaluate the implementation processes (inputs and activities), outputs and outcomes to ensure efficiency and effectiveness in delivering the strategic objectives. In collaboration with all departments in the ministry, the CPPMUs are expected to institutionalise the M&E framework within the various departments. Each of these departments is expected to collect data using special data collection tools and forward the data to the CPPMUs for collation and analysis. On their part, the CPPMUs will analyse the data and generate reports that will subsequently be used by management for decision-making.

Any M&E subsystem, including the one to be designed for the EPAs, is designed to plug into Kenya's National Integrated M&E System (NIMES). The government is making progress in strengthening its capacity for M&E, but much more still remains to be done.[71]

b) Main Results of Monitoring WS in Tanzania

This presentation was followed by an outline given by Ms. Agnes Mwakagi from the University Dar Es Salaam, who attended the Monitoring Workshop in Tanzania and presented the main findings (see Annex 3).

c) General Discussion

After the presentation the floor was given to the participants for a short round of comments before the participants were finally split up into two working groups.

Some researchers pointed out that the opening of telecommunication markets showed that employment and efficiency had improved, though the move had, on the other hand, led to a decrease in government revenues. Thus, monitoring should not be limited to an assessment of negative outcomes but should assess both positive and negative results.

71 Development partners have worked together in supporting the development of the Statistical Master Plan. During the coming year donors will commit themselves to work towards a sector wide approach for delivering support to further reduce transaction costs to the government. Such support will include support for building the capacity of line ministries and local governments to collect and analyse data and disseminate information.

It was suggested to link EPA monitoring to the mid-term reviews of the EDF programmes. Others felt that a simple adaptation of existing mechanisms to EPA monitoring needs would be insufficient. Most of the participants believe that Kenya lacks a monitoring culture and capacity, though their views differed with regard to how serious this problem is. Some stressed that it was a lack not of monitoring capacity but of willingness that is hindering an efficient monitoring of EPA negotiations and implementation.

With regard to the objectives of monitoring, participants stressed how important is was that not only capacity, compliance and impacts should be monitored but also remedies, since the first categories would prove useless if they did not induce adjustments and changes.

Participants were largely in favour of a participatory approach that involves civil society and private sector organisations. Some criticised the lack of linkages and information flows between private sector, civil society, parliamentarians and the government.

2. Working Groups

The participants were split up into two working groups. Whereas working group A aimed to develop a concrete institutional design for Kenya and the ESA region based on the most important functions of monitoring and the stakeholders to be involved, working group B concentrated on 'what' needs to be monitored as well as on methodological aspects of monitoring (with the aim of developing an impact chain for one key sector and developing respective indicators for the different steps of the chain).

Working Group A

a) Function of monitoring mechanism

The working group started with a brainstorming session on the most important functions of monitoring EPAs. Finally, five main functions were identified, encompassing the following:

i. Monitoring capacity
Monitoring capacity (to implement and take advantage of EPAs) would cover the assessment of private sector institutions and the public sector with the aim to identify capacity building needs. 'monitoring capacity' over time would then encompass capacity building and accompanying

measures implemented by respective countries and through respective EU assistance, according to capacity needs.

ii. Conformance/complementarity[72]
To see whether EPA objectives and outcomes conform to national development objectives

iii. Compliance
Participants stressed that monitoring compliance should not only encompass an assessment of whether parties comply with EPA provisions but also whether accompanying measures and reforms were reducing risks and boosting positive impacts of EPAs.

iv. Impact/Objectives
Monitoring should encompass an assessment of impact and outcomes of EPAs on broader development objectives.

v. Remedy/adjustment
Monitoring for remedy and adjustment needs of the EPA text or single provisions of it would serve as a kind of underlying objective of the whole monitoring exercise. All stakeholders stressed how important it was that monitoring lead to changes and not simply be for information purposes and future learning.

The participants emphasized that the two categories capacity and compliance are closely interlinked, as parties might implement the provisions of the agreements only fragmentarily or not in time due to capacity constraints. Interestingly, the participants' discussion focused on 'monitoring capacity' instead of monitoring impact and output, which was the focus of another consultative session in Brussels.

b) Legal foundation and design

Having identified the above listed five broad functions of monitoring EPAs, the participants called for the monitoring mechanism to be specified to the greatest extent possible in the EPA legal text, acknowledging the danger that this might entail the risk that monitoring could become a political exercise only. It was agreed that monitoring should be specified in the EPA agreement itself to the greatest extent possible, and not end up in the Annex, which would normally not attract much attention.

72 The term 'coherence' as discussed in previous consultations was explicitly rejected.

It was interesting to see how the 'reality check' changed opinions. First the participants argued that monitoring should be conducted by independent institutions and involve the private sector and civil society. Once we started discussing concrete design options and linkages with existing institutions, participants changed their views.

They finally agreed on the following proposal for a Kenyan-Regional Monitoring Mechanism:

The structure of the monitoring mechanism should be two-fold and consist of

- a joint EU-ACP monitoring mechanism at regional level, and
- an intra-institutional mechanism at national level.

At national level, participants argued that the government needs overall authority as it will provide resources for monitoring. According to the working group, the Ministry of Planning and National Development (MPND) should take the coordination function, while the concrete monitoring exercise should be done by clusters[73] in the respective line ministries. The institutional linkage with the Ministry of Planning would ensure that enough resources are provided for monitoring. Furthermore, coordination of the NIMES is already located with the Monitoring & Evaluation Directorate (MED) of the Ministry of Planning (see summary of presentation, above). The concrete monitoring would be done by Central Planning Units (CPU) in the respective line ministries, which are already in charge of conducting the annual reports of each ministry required to report its results to the Ministry of Planning.

Using existing structures would make it possible to minimise the costs for monitoring. Thus it was agreed that the CPUs would need to strengthen their monitoring capacity.

A forum should be established for each cluster to bring together private sector and CSOs to feed into the reporting. Surprisingly, participants discussed what the role of non-state actors should be only when explicitly requested to do so by the facilitators, and the idea of such a forum was not further elaborated in the working group.

Monitoring at regional level would be necessary for monitoring of regional integration (RI). In the ideal case this would be done by a regional institution

73 Agriculture, MA, trade, trade-related, fishery and services.

that has country offices in each member state. A further task of a monitoring institution at regional level would be to coordinate activities at national level and to standardize reports in order to make country reports comparable. It was agreed that monitoring at regional level could be linked to the COMESA Secretariat's work, since it is currently working on a programme for monitoring RI ('RI Surveillance Mechanism').

One important point that was stressed was the need to have a legally binding agreement among the regional partners that countries should provide data to the regional authorities, as participants presumed there might be a large measure of reluctance to do so.

While it was agreed in the beginning of the session that monitoring should be a joint exercise, the question of how to involve the EC in this exercise remained open. The possibility of having a third structure at the 'international level' was considered but not discussed further due to lack of time.

Working Group B

Before this workshop, interested stakeholders in Kenya had, for various reasons, devoted very little time and resources to the issues of: a) what needs to be monitored as part of EPA implementation; and b) methodological aspects of monitoring (how to monitor the implementation of EPA). These two areas are very complex and were new to most participants, some of which found it difficult to contribute significantly in the short time available during the workshop.

The first session of this working group addressed point a) 'what to monitor', and participants agreed on the following points.

- In spite of the fact that the long term objectives of EPAs are shared by the ACP and EU, there is serious disagreement between them on how to achieve those objectives (desired impact) starting from the EPA provisions (inputs). Such attribution gaps thus relate to the exact steps by which specific EPA inputs will lead to certain outputs and the desired outcomes (leading eventually to fulfilment of goals). It is such (impact) chains of steps that should be monitored.
- This implies that there are different elements to be monitored: both the content and the process of EPA implementation; compliance with, capacity for and the impact of EPA; implementation of both the legal text (i.e. a binding agreement between ACP and EU parties) and the actions

accompanying an EPA (involving third parties in certain cases, while in others remaining the exclusive responsibility of only one of the parties). An EPA monitoring system will have to monitor a combination of all these elements, and choosing only one or a limited number of them would lead to a narrow and unsatisfactory approach to monitoring.

– However, given the range of issues involved and the limited capacity to address them all, some prioritization, or at least sequencing, of what needs to be monitored is necessary. This could be done by prioritizing on the basis of the chapters of the EPA text, of economic sectors, of the social groups involved, or of the most serious impediments to achieving the EPA goals.

Taking the above into account, the working group undertook such a prioritization exercise, identifying key economic sectors and the EPA-related provisions (input) likely to be most important to achieving the related objectives (desired impact).

Participants decided to categorize the priority EPA-related inputs in three groups: market access (MA) to the EU; measures to address supply-side constraints; development resources accompanying EPA. For each category, the key policy areas were specified in more detail and the respective goals attached to these identified. For instance, MA to the EU was subdivided into EU tariff and non-tariff barriers, and under the latter category, EU rules of origin and sanitary & phytosanitary measures (SPS) were recognised to be the most serious impediments to Kenyan export growth. Therefore, in the case of SPS, EPA should aim at putting in place policy reforms and capacity building measures (responsibility of both Kenyan government and the EU) to achieve the goal of 'improved and effective access to European markets by Kenyan exporters'. The same line of reasoning was applied to the other policy areas. For example, under 'measures to address supply-side constraints', 'firm-level policies and support measures' were deemed crucial and in this context both behind-the-border interventions (such as fiscal incentives) and border interventions (such as tariff reduction to make imports of intermediary goods cheaper) should aim at value addition for Kenyan industries. This exercise was done initially taking the example of the Kenyan agriculture sector, but everyone realized this framework could be applied to all other industries as well.

A monitoring system will have to verify that the different steps in each of these policy areas (inputs) will lead (or at least contribute positively) to the final specific EPA goals. Precisely '*how* to monitor' this was the subject of the second session of working group B, that considered the example of one sensitive agriculture sub-sector particularly under discussion at present by Kenyan society (sugar) and only one specific long term *outcome* (value addition) important to reaching the final objective (desired impact) of poverty reduction.

The methodology chosen was to attempt to develop a 'sectoral impact chain' describing the policy measures (inputs) that are most important for the sector, the direct/indirect outputs and different impact for different stakeholders, and the respective indicators for the different steps of the chain that could be used for monitoring.

Participants therefore moved:

- *from the inputs* - in the three broad categories above (for instance, using performance requirements to attract new investment in the sugar processing industry);
- *to outputs* (both positive and negative, such as increased investment in machinery, but also more environmental waste from sugar cane crushing);
- *to some indicators* showing that these outputs can lead to the desired outcome - value addition (such as reduced cost of production and share of profits reinvested in technological upgrading, or, in the case of negative impact, that environmental waste reduction does not overburden the budgets of Kenyan firms).

Importantly, participants realized that all the three broad policy areas identified are interrelated. In the example of value addition for the sugar processing industry, MA measures (for instance, regional rules of origin stimulating sourcing of cheaper inputs from neighbours) and development cooperation resources (to facilitate, for example, research and development in new seeds by local small and medium-sized enterprises – SMEs) will also be crucial to complement supply-side policies (such as performance requirements).

Once impact paths had been identified, the time available was no longer sufficient to complete exercise, which was restricted to selection of impact indicators, related intermediate proxies for quantitative / qualitative indicators,

as well as examples of determination of research approaches and methods and data/information requirements.

3. Interviews

The following individual interviews were conducted.

Consumer Information Network

- The focus of monitoring should lie on impacts as this is the key concern of consumers (for instance, do EPAs enhance access of consumers to basic goods? How are consumers' rights changing with change in trade rules?).
- Interviewees criticised that NSA were not included in impact assessment and argued that lack of capacity prevents them from engaging in negotiations.
- Interviewees further criticised the lack of transparency of EPA negotiations.
- Monitoring should be done by an independent forum ("something like a public assembly") that feeds into government report.
- Asked about their views on the monitoring mechanism model likely to be proposed by the EU (regional Joint EPA Council with technical level committees), the participants said the format was generally adequate but claimed that crucial sectors would not be represented and stated that monitoring should be done by independent institutions.
- A general problem seen in EPA negotiations and monitoring is that certain sectors lack an effective representation (especially in certain countries in Africa) and do not receive support for establishing adequate organisations.
- Consumer organisations need funds to create an effective organisation to voice their concerns and need capacity building support for monitoring.
- Asked about the monitoring mechanism proposed in working group A, the interviewees criticised the strong role of the government. Limiting the role of CSOs to just delivering input would be insufficient and steps should be taken to avoid a situation in which there is one official government report and parallel reports from civil society. Monitoring should be a participatory process; otherwise it will be an 'empty box'.

- Involving NSA would not only strengthen the credibility of the report but also empower CSOs. In addition, interestingly, some of the Kenyan CSOs (including the Consumer Information Network) have experience in undertaking applied research on the impact of different policies (for instance, the impact of liberalisation on access to food by the poor and a study on government budget monitoring) and have direct experience in data collection for such analyses (for example, data on prices in rural and streets markets). In certain cases the government (Kenya Bureau of Statistics) shared its methodological manuals to support CSOs in their research.
- National-level monitoring of EPA will be crucial, though of course a synthesis at regional level should be the final reporting stage of a monitoring mechanism. Monitoring should be either done by regional organisations that work together with liaison offices at national level or be done by national organisations. In any case there should be an independent monitoring system of NSAs that also makes it possible to hold the Kenyan government (and not only the EU) accountable for the beneficial reforms it has committed to undertake as part of the EPA process.
- Monitoring should be done by cluster: consumers, farmers, fisheries… and involve key regional organisations of each sector (in a sort of 'peer review mechanism'). It should further distinguish between producers and consumers, as these groups have different objectives: while producers may be disadvantaged in some sectors due to EPAs, competition may benefit consumers (e.g. the sugar industry in Kenya, which is protected at the expense of consumers).
- Regarding monitoring of PRSPs, interviewees argued that these were very elaborate, but still the organisations involved were close to the government ("you can't monitor yourself")
- KIPRA was also deemed too close to the government to deliver realistic and fully independent reports.

Kenyan Fish Processors and Exporters Association (AFIPEK)

- An independent private sector driven monitoring mechanism should be designed. This should report to the government, which has to be involved as final decision maker for economic policies and trade relations ('only the government can provide such a monitoring mechanism with teeth, to

be effective'). However, for purposes of compliance and complaint, it would be important for the monitoring system to include a sort of 'ombudsman' mechanism to allow the private sector to make its case directly to the highest level of ACP-EU EPA decision-making (a regional joint EPA council or others) (instead of going first through slow national-level bureaucracy/procedures) when harm to the business environment is caused by actions (or non-actions) by the EU or the national government in connection with EPA. It was mentioned that more transparency and government accountability are badly needed, as issues related to corruption, red-tape, and lack of implementation of business environment/trade facilitation reforms are the most serious impediments to growth for the Kenyan private sector.

- The private sector should play a key role in EPA monitoring, and the information should flow in both directions: results from the private sector to feed into official reports, and formal government results should be spread 'downstream' to the private sector.
- Monitoring should be done by industries (agriculture, fisheries, service..) so that the private sector has better chances of playing a leading role in the mechanism. The results should be reported to the competent authorities of the specific cluster (e.g. Ministry of Agriculture) so that these are best placed to effectively implement the required changes.
- Regarding the issue of capacity, the interviewee argued that the main problem was not a lack of human resources to undertake the monitoring but a lack of sufficient funds, especially for data collection (for instance, in marine fisheries important data like the max. sustainable catch levels are still lacking).
- Another problem was the lack of interest of the fish industry, which will be only willing to get involved if it benefits directly from monitoring. Incentives should therefore be provided to the private sector to join such a system, in which case certain businesses may even be willing to contribute their own (financial) resources to make the monitoring mechanism work.
- Monitoring should generally be conducted at national level and coordinated at regional level. For fisheries, however, a regional approach would be necessary, as stocks are normally shared by a region (e.g. Lake Victoria, representing the main fisheries sector for Kenya as the marine fisheries industry is still in its infant stage).

- The fisheries industry has previous experience of collaboration with the government to monitor implementation of certain policies (for instance, on eco-labelling of products), whereby the Kenyan producers appointed an independent monitoring body (such as a consultancy firm) and used its reports to ask the government to make certain legislative/regulatory changes. These and other options could be explored for EPA, for instance, the Kenya Marine and Fisheries Research Institute (KEMFRI) could conduct impact monitoring for the fisheries sector. Compliance should be monitored by government, together with implementation of possible legislative changes as result of monitoring. And the private sector would be in between the two stages of this process, to receive impact assessment results, analyse them and turn them into requests to government (competent authorities) for changes to EPA/national legislation.
- Examples of what exactly the private fisheries sector would like to be monitored on a very regular basis (monthly rather than yearly) include: effective market access improvements (especially for Kenyan goods to comply with EU SPS measures); employment generated in the various sub-sectors; investment flows in the Kenyan industry; number of joint ventures established with local producers.

Kenya Small Scale Farmers Forum

- The interviewee claimed that farmers should be involved in the monitoring as they are the key stakeholders concerned by EPAs. At present farmers in Kenya and the ESA region lack a sufficient amount of organisation to effectively represent their concerns.
- To effectively engage in monitoring, farmers would need to get support to build national and regional farmers' unions to increase knowledge, awareness and information sharing.

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- A general problem that would arise with EPA monitoring is related to the very serious lack of relevant data. The availability of production and trade-related data in Kenya is extremely poor (with the sole exception of import/export flows) and there is no plan by the government to improve the situation (mainly due to lack of resources for data collection). The only area where proper databases exist or are under construction is the

MDGs (especially data on poverty), but there is no connection with other economic data. An additional problem is lack of coordination within government/public sector, and even in cases where new data are indeed collected by an agency or a department, they are not shared with others or interested stakeholders at large.

- Development cooperation resources should address this situation by helping to build the capacity to both collect and analyse data, both within and outside government agencies. KIPRA has the overall mandate from government to deal with trade-related data and analysis in cooperation with the Kenyan Bureau of Statistics, but their capacity is not adequate, and so far they have also used very old datasets for their research on trade. It is crucial therefore that any monitoring system for EPA include such a capacity strengthening component.
- There is in Kenya a pool of researchers, including within universities (with increasing numbers of PhD students) and CSOs (such as the Economic Affairs Institute, Econews, or Oxfam), that have improved their ability to undertake relevant trade-related research of the kind needed for EPA monitoring. With appropriate resources and under the supervision and mandate of the Ministry of Trade&Industry they could undertake such important exercises for data collection.
- The cooperation between government and the research community is improving in Kenya, and most likely the government would not oppose the idea of giving a formal role in EPA monitoring to CSOs and the private sector. The option of sharing responsibility for different areas of monitoring should be explored; for instance, the government could monitor compliance with the agreement, while private sector and CSOs would monitor the respective impacts of EPA on local industries and the poor.
- In order to identify suitable and feasible ways to collect and analyse EPA-related data, and taking into account the present status of available quantitative information, methodological discussions on ‘how to monitor’ an EPA should also cover qualitative methods.
- Given the very different social and economic realities within the ESA region and the number of issues at stake in EPA implementation, any monitoring mechanism focusing only on the regional synthesis of

available information and not covering the national level of analysis is likely to be inappropriate.

Presentations and additional reports available at:
www.ecdpm.org/trade/epamonitoring

Annex 5 Various definitions of monitoring used by development organisations

The Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) defines monitoring as *"A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds"* (OECD / DAC 2002, 27-28). OECD / DAC (2003, 56) further specifies that *"this also includes information on the context (economic, social, political) that affects development results"*.

According to the World Bank (2006, 43), "Monitoring is a joint responsibility of the country and the Bank at the project and country levels. It requires: (a) defining the expected outcomes; (b) identifying monitoring indicators for final and intermediate outcomes, as well as outputs that contribute to achieving the outcomes; (c) ensuring that baseline data are available and targets are set to assess progress; (d) making sure a system is in place to collect, analyze, and report the data; and (e) monitoring progress. Monitoring information should be used to assess progress toward achieving objectives and to inform adjustments or other actions needed to ensure that the objectives are met".

The International Fund for Agricultural Development (IFAD 2002, A-7) defines monitoring as "[t]he regular collection and analysis of information to assist timely decision making, ensure accountability and provide the basis for evaluation and learning. It is a continuing function that uses methodical collection of data to provide management and the main stakeholders of an ongoing project or programme with early indications of progress and achievement of objectives".

The EC's evaluation unit (EC 2004, 142) proposes the following definition for monitoring: "(…) The systematic and continuous collecting, analysis and using of information for the purpose of management and decision-making".

Annex 6 Existing assessment processes for trade agreements

The only systematic attempts at ex ante assessments of trade agreements are the Sustainability Impact Assessments (SIA), which, initiated by the EU Commission, have since the year 2000 accompanied trade negotiations in which the EU is involved. However, the SIAs are not meant to inform the EU's negotiating mandate (which is usually defined before the SIA is started), and are used only to a limited extent for the outcome of negotiations. The focus of SIAs is on identifying accompanying measures to mitigate potential negative measures and enhance expected positive measures of the trade liberalisation measures to be negotiated.

The most comprehensive ex post assessments have been undertaken in the context of the North American Free Trade Area (NAFTA) as well as by the United Nations Environment Programme (UNEP) on the impacts of various trade related policies in several developing countries.

1. Sustainability Impact Assessments (SIA)

Based on the general methodology for SIAs, the EPA-SIA proposed a combination of quantitative approaches, especially Computable General Equilibrium Models (CGEs), and qualitative approaches especially Causal Chain Analysis (CCA) (PwC 2004, 182). The Causal Chain Analysis applied in SIAs is similar to, but does not use the same terminology as, the results chain method described in Chapter 5.

CGEs, where these are available for ACP countries, should mainly be used to determine the trade and economic impacts of trade liberalisation policies, while CCA would be used to establish the links between these changes and social and environmental impacts. The EPA-SIA proposed to look at:

- scale effects: the overall level of economic activity,
- product effects: the availability and use of environmentally sound products,
- structural effects: change of production patterns towards or away from environment- intensive sectors and processes, depending on their competitiveness,

- technology effects: environmentally sound production technology may become more easily available through imports or FDI,
- infrastructure, and
- government revenue and regulation.

This list closely resembles the impacts discussed by OECD with regards to the environmental impacts of trade liberalisation (OECD 1994, 13).

To identify priority trade measures, the following criteria have been used: The measure is: (i) a core component of the Common Agricultural Policy, (ii) likely to be subject of EPA negotiations with respect to liberalisation, (iii) one that could significantly affect trade in strategic sectors between EU and ACP, (iv) one where one might expect a priori that there may be important sustainability impacts.

The following trade measures have been identified by chapter: Trade in Goods (market access), General Trade Related Areas (Trade facilitation, Rules of Origin, Trade, defence measures, IP, Standards, Trade and Labour), Trade in Services, Specific Trade-Related Areas (Investment, Public procurement).

The second level of analysis was to adopt a sector approach to assess the impacts of trade measures for most relevant sectors, which had to be identified using the following criteria: The sector: (i) is significant from an economic, environmental and social perspective, (ii) is significant in terms of trade flows in both volume and financial terms, (iii), may be impacted by changes in the trade measures induced by EPAs, (iv) is one where one expect that there will be potential impacts of EPAs on sustainability.

A list of sectors and respective commodities has been identified, including Agriculture (sugar, bananas, cotton…), Non-Agricultural (fish and fish products, textile and clothing), Services.

Indicators used

Based on an in-depth assessment, a list of indicators has been developed to assess the sustainability impact of EPAs.

A schematic presentation of the approach used in the SIA is given in Figure A6.1. It represents a highly simplified causal chain in which CGE modelling is used to determine the broader economic impacts of the trade related impacts.

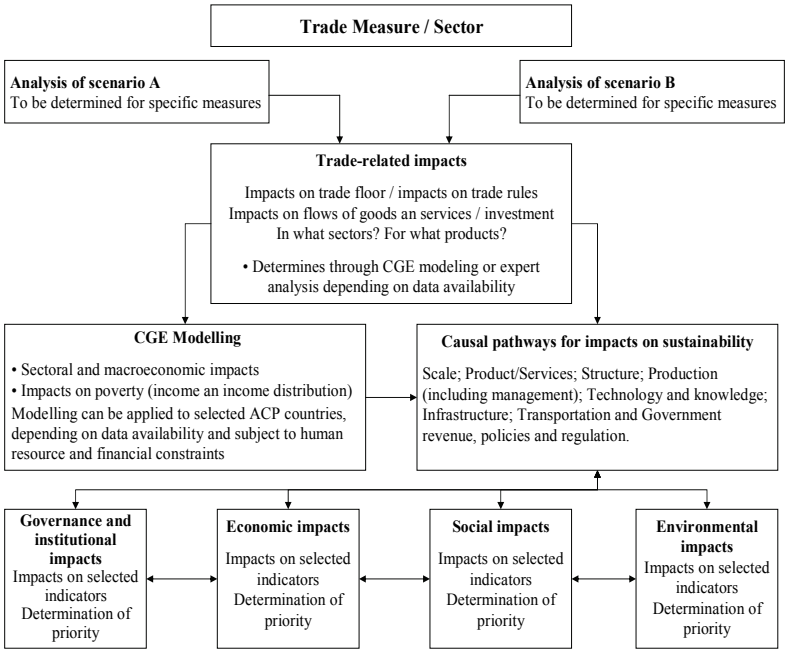
Table A6.1: Indicators used to assess the sustainability impact of EPAs			
Economic	**Social / Development**	**Environment**	**Institutional indicators**
Gross Domestic Product	HDI	Concentration of population in coastal zones	Political participation
Income	Population	Freshwater quantity / quality	International cooperation
Inflation	Poverty	Soil quantity / Soil quality	
Access to information and technology	Gender equality	Intensive/modern agricultural practices	
Investment	Employment	…	
Government expenditure and revenues	Health	…	
Transportation	Education	…	
Debt Sustainability			
Source: PwC (2006)			

The use of more elaborate CGEs which would allow for the explicit modelling of social and poverty effects is severely limited in most ACP countries, especially in Africa, due to resource constraints and limited data availability. The SIA compares the impacts of a "baseline", status quo / no EPA scenario, with the impacts of a "likely" outcome of EPA negotiations. Rather than for the economies as a whole, the SIAs would focus on selected sectors that are likely to be most affected by EPAs and/or that are expected to have a major impact on sustainability objectives.

During the actual SIAs of different sectors in the EPA regions, a CGE could only be applied in two Caribbean countries (PwC 2005, 191). Other ACP countries lacked the necessary input-output data and, consequently, Social Accounting Matrices. Since the study in the Caribbean focused on the tourism sector, the liberalisation measures did not consider easily quantifiable data such as tariffs and quotas. Hence the direct trade impacts of the expected liberalisation had to be estimated independent of the model – and were set somewhat arbitrarily as an increase in number of visitors and foreign direct investment (PwC 2005, 49). The CGE then was used to assess the effects of these estimated impacts on the wider economy. The SIA on rules of origin in SADC countries applied a partial equilibrium model for the garment and the fisheries sector (PwC 2006). The SIA on the horticultural sector in the ESA region estimated the competitiveness and the comparative advantage of the sector based on costs and prices obtained through questionnaires from companies in the sector (GRET / PwC 2006). Competitiveness was measured by costs in current prices, comparative advantage was measured by costs in "undistorted" shadow prices and exchange rates. In the SIA of food processing in West Africa, econometric models were applied to estimate the elasticity of domestic demand to price changes, and consequently to lower import prices for EU products resulting from decreased ACP tariffs (PwC 2005, 191). The SIA on financial services in the Central Africa Region used a qualitative SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats) as a starting point for the assessment of EPA impacts on the sector (Forum pour l'Afrique / PwC 2006). No quantitative assessments were made in the SIA of the fisheries sector in the pacific region (PwC 2006, 182).

Hence, in the ACP context the use of CGE models seems to be severely limited by data and capacity restrictions. Even in the Caribbean, probably the most advanced ACP region, the selection of countries for a case study was mainly driven by the availability of suitable data, which could only be obtained in two countries, Jamaica and Trinidad and Tobago, although the latter is not representative for the tourism sector of a small island. Still, far reaching assumptions had to be made for lack of data. In other regions, attempts for a quantitative assessment were either dropped altogether (Central Africa and Pacific) or limited to partial, sector specific exercises.

Figure A6.1: Illustration of the analytical approach for trade related measures



Source: PwC (2004, xxiv)

2. Evaluation of the impacts of the North American Free Trade Area (NAFTA) on the Environment and Labour Markets

The North American Free Trade Area (NAFTA), established in 1994 and comprising Canada, Mexico and the United States, was one of the first trade agreements that had explicit provisions on environmental and labour issues. These were not part of the NAFTA treaties themselves but enshrined in separate side agreements by all three NAFTA partners. Trilateral Committees on Environmental and on Labour Co-operation were established in parallel to the NAFTA Free Trade Committee, and given the task to "consider on an ongoing basis the environmental (and labour rights) effects of NAFTA".

A paper on methodological issues in assessing the impacts of NAFTA on labour markets finds that: "... CGE models are forecasting methods, while partial equilibrium and qualitative/quantitative studies are better suited to identify effects that have already occurred" (Abbott 2004, 5).

Partial equilibrium models methods attempt to estimate the effects of a policy on one or more variables, by holding other potentially affected variables constant. These models often emphasize regression analysis, to determine the statistical relevance of the relation of the observed variables.

Qualitative/quantitative research is not as structured and econometrics based as partial equilibrium models. It usually highlights general trends based on existing research and a primary analysis of various economic indicators. Causal relationships are not definitely proven, but supported by strong quantitative reasoning. The strength of these groups of approaches is their ability to observe and report upon phenomena in a combined statistical and qualitative way. This makes it possible to take broader aspects of a policy into account, which are often missed by exclusively quantitative methods.

Most quantitative analyses were undertaken after 2000, since before this date sufficient data were not available to undertake a rigorous statistical estimate on impacts. This changed only five years after NAFTA entered into force, indicating that data availability is a significant problem even in advanced economies such as NAFTA.

The NAFTA Commission on Environmental Cooperation (CEC) developed an analytic framework for assessing the environmental impacts of NAFTA (CEC 1999). It aims to analyse the impacts of NAFTA comprehensively and to supplement the results of formal models, which require data that do not yet exist to an adequate degree in the NAFTA region. It also tries to capture the qualitative and sometimes anecdotal evidence that is the only data available on some important processes and is not captured by formal mathematical models (CEC 1999, 8). The framework includes the impacts of rule changes (e.g. tariff reduction harmonisation of domestic standards and norms, investor protection), NAFTA institutions such as different NAFTA committees and changes in trade and investment flows. In order to identify the impacts of NAFTA on trade and investment flows, the framework endeavours not to look only at trade statistics but to qualify this data through specialised interviews with corporate officials and other stakeholders and utilisation of public data on trade in goods with a "NAFTA" certificate of origin. This should allow for a

more detailed "process tracing" to connect the NAFTA regime with the trade that results from it (CEC 1999, 8).

The changes in production that result from these trade flows are then analysed from different perspectives (CEC 1999, 28):

- the raw materials and other inputs used,
- efficiency, scale and location of the production processes,
- physical technology employed in the production process, including pollution prevention,
- strategic management,
- relative prices of products and related emissions.

In addition to production effects, the NAFTA methodology proposes to look at impacts of changes in infrastructure, social organisations (environmental and industry lobby groups) and government policy.

The main activity of the CEC in monitoring and evaluating the environmental impacts of NAFTA was the organisation of biannual public symposia on trade and environment since 2000. For these, the CEC does not commission research directly but issues calls for papers to be presented at symposia. The papers presented at the symposia used CGE modelling only in a minority of cases. Regression analysis and qualitative methods were far more common (CEC 2002).

The independent ten-year review of the CEC was presented to the Ministerial Council on Environmental Co-operation in 2004 (CEC 2005). Among other things, it criticised the lack of collaboration between the CEC and the appropriate trade bodies under the NAFTA Free Trade Commission. To what extent plans to improve this collaboration have been effective is currently difficult to assess.

3. UNEP Integrated Assessments of Trade-related policies

The only multilateral agency that has systematically undertaken assessments of the impacts of international trade is UNEP. It published a "Reference Manual" for the Integrated Assessment of Trade-related policies (UNEP 2001) and has since commissioned a number of country and sector specific studies in several developing countries.

The reference manual describes different methodologies for undertaking assessments, both ex ante and ex post. It focuses on economic models both on the macro-level (input-output tables, CGE models) and the sectoral/micro-level (partial equilibrium, benefit cost analysis). It also presents methods like Environmental Impact Assessment, Multi-Criteria Analysis (weighing economic efficiency against distributional impact, social acceptability and environmental impacts.

The studies commissioned by UNEP have usually been undertaken by local researchers and institutes, and they were mainly ex post assessments of the impacts of trade and related policy changes, including Structural Adjustment Programmes. All studies addressed developing countries and were designed in co-operation with the respective governments. The methodologies applied included:

- qualitative assessments based on multi-stakeholder dialogues, including Rapid Rural Appraisal,
- regression analysis,
- gross margin analysis to determine the profitability of an activity under different scenarios,
- cost benefit analysis,
- partial equilibrium models of the sectors analysed in the studies.

Macroeconomic methodologies were not applied in any of the studies, which is probably due to the sectoral focus of most studies and a lack of appropriate data in many developing countries.

4. Conclusion

The methodological approaches applied thus far for the assessment of trade and related issues identify macro-economic models, especially general equilibrium models as an important tool. Since these models represent comprehensive pictures of the economies assessed, they make it possible to conceptually identify indirect effects and linkages of trade policy which go beyond the sectors or products immediately affected by a policy change. However, in practice few impact studies have applied CGEs, mainly due to data constraints and the difficulty to model policy changes that go beyond simple tariff and quota changes, e.g. changes in investment rules or rules of

origin. Data limitations even proved to be a challenge in the advanced NAFTA region, and this challenge is obviously bigger in the ACP context – especially in Africa.

Hence qualitative approaches play an important role in virtually all studies, while quantitative methods usually focus on regression analysis and partial equilibrium models. In almost all cases, the use of quantitative approaches is restricted to assessing the trade and economic impacts of policies. Social and environmental impacts are usually forecasted or evaluated by qualitative instruments. These can essentially be described as more or less formalised results chain analysis exercises. The impacts of trade and economic changes on social and environmental conditions are usually derived from logical reasoning, expert interviews and participatory methods like rapid rural appraisal.

Annex 7 Structural Adjustment Programme Review Initiative (SAPRI)

Initiated as a response to civil society criticism of structural adjustment programmes (SAPs), this methodology was developed by an international civil society network (SAPRIN), in co-operation with World Bank and national governments of countries in which SAPRI was conducted (SAPRIN 2002). Since most SAPs were started already in the 1980s, SAPRI could only be performed as a retrospective evaluation. The process was not designed to monitor the SAPs during their implementation. However, the experiences made here are relevant for EPA monitoring as well, since the methodology has similarities to open qualitative methodologies such as MAPP and MSC.

SAPRI aimed at a "political economy approach" conceived to look beyond purely economic factors in assessing the impacts of changes in economic policies, and it includes analysis of institutions, power structures and interests that affect economic behaviour. The analysis was therefore to cover the role of social relations, especially gender, ethnic, cultural and age, as differences, as determinants of policy impacts. SAPRI also aimed to look at the impacts of inter-related policy packages rather than to focus on simple cause-effect chains of one specific measure on one particular outcome (SAPRIN 1999). Gender perspectives were to play a central role in the methodology. The political economy approach should also include the discussion and construction of alternatives to the SAPs.

In the national SAPRI processes, national fora of CSOs were organised to identify the issues to be investigated. The opening national fora were designed for the presentation and discussion of the experience of local populations with and perspectives on , specific economic adjustment measures and their respective impacts. World Bank and national government representatives participated in these meetings in most countries. However, their influence was to be minimised to allow for a truly participatory approach. Further participatory workshops were held at regional levels. These events were, in essence, hearings on citizens' perceptions of government policy in general and structural adjustment policies in particular. Thus, the workshops were the starting point for identifying the policies and themes to be analysed as well as for the study of causal relationships as indicated by the participants.

At the regional and national workshops, national steering committees were formed in the participating countries which oversaw the research into the issues identified. Trade policies were chosen amongst the four most important issues to be researched in nine out of the ten countries in which SAPRIs were conducted.

The country studies were carried out using three basic tools of investigation:

- *Desk Reviews.* Each research team compiled and reviewed existing literature, including previous research, official documents and statistics, as well as reports by international institutions.
- *Primary* Surveys. Local stakeholder surveys were undertaken by some of the research teams, either using quantitative techniques or employing a mix of both quantitative and qualitative methods.
- *Participatory* Reviews *and Fieldwork.* Methods used included a range of participatory appraisal techniques, semi-structured interviews, workshops and focus-group discussions with social actors whereby the experiences and views of various stakeholders were collected and analysed.

Several different research approaches were adopted by the national research teams. In Ecuador, causality diagrams were drawn during the workshops to identify perceptions of the causes and effects of these policies as well as their impact on the participants' communities. Information gleaned from these processes was then systematised by the research teams and used to identify the variables and indicators, along with their respective interrelations. In Mexico, participants of workshops described the socio-economic transformations experienced in their communities, as well as the reasons for such changes and their reactions to them, and identified possible relationships between these changes and the application of structural adjustment policies.

The major analytical approach of impact studies on the trade liberalisation component of SAPs was "pre- and post-" comparison, with a focus on how different social groups, especially disadvantaged groups perceived these changes. Essentially, the assessments report on increasing imports and often deteriorating terms of trade, and consequently slow increases in exports, resulting in deteriorating trade balances. The overview report does not make reference to more detailed impact chains and does not discuss other possible reasons for the negative economic and trade developments. This may be one of the reasons why there was considerable disagreement between the World Bank and the SAPRI groups that resulted in the World Bank withdrawing from the presentation of the overall result of the SAPRI exercise.

Annex 8 Key stakeholders and institutions in EPA monitoring

This annex provides some additional information on the potential roles and responsibilities of a number of European, ACP and joint institutions, shown in Figure 6.1, in (a) future EPA-monitoring mechanism(s).

1. Institutions at the level of the European Community

On the European side, the European Commission plays an important role in negotiating trade agreements and their implementation.[74] The Commission also has a right of initiative with regard to European development policy and manages the European Development Fund (EDF) on behalf of the Member States. It is from the EDF that resources to establish a monitoring system will (most likely) be drawn. Thus, the Commission will play a key role in defining the scope and features of a monitoring mechanism and making it operational.[75]

The Council of Ministers of the European Union comes together in different formations: Issues relating to trade and development cooperation are discussed in its General Affairs and External Relation formation. As the main EU decision-making body, the Council decides on policy proposals and has to approve the international trade agreements negotiated by the European Commission as well as other policy proposals. It will thus also have to approve future EPA treaties, including a possible monitoring mechanism and related funding from the European Development Fund (EDF). Where issues fall outside the exclusive competence of the Community, EU member states will have to approve the agreement and any decisions on the EDF.

As far as the decision to allocate EDF resources to EPA monitoring is concerned, the EDF Committee, which brings together representatives of the Commission, Member States, and the European Investment Bank will have a

74 In the field of trade, a policy area that is fully "Europeanised," the Commission has the sole right of initiative, and it negotiates the text of the EPAs with the regional organisations.

75 ACP-EU cooperation is not governed by the usual European decision-making procedures for development cooperation, but follows specific procedures. The Commission negotiates and manages aid *on behalf of* the Member States, which contribute to the European Development Fund (EDF). The EDF, which is not part of the European Community's budget, and is funded by Member States, follows its own rules and is managed by the EDF-committee. The latter is composed of representatives of the Member States and the Commission.

decisive role to play, as it discusses and approves financing decisions on the European side.

The role of the European Parliament in matters concerning the negotiation and implementation of trade agreements and ACP-EU cooperation is rather limited. The European Parliament has no direct access to the negotiating fora. It is, however, regularly consulted, and it may have to give its assent for EPAs, depending on their format.

The European Parliament may not be directly involved in the implementation of EPAs and related assistance. Consequently, its role in any future EPA monitoring mechanism may also be circumscribed. However, it can exercise its powers of democratic control and provide recommendations to the Commission and the Council. In the view of those members of the European Parliament interviewed, their role in monitoring EPAs would be to make use of the results of a future monitoring mechanism to point to problems, to urge corrective measures and to enhance the accountability of EPAs.

2. ACP regional organisations and their members

On the part of ACP countries, it is the regional organisations/groupings that negotiate EPAs. It is very likely that they will also play a crucial role in monitoring the implementation and impacts of these agreements. However, as in most of the potential "EPA regions", economic integration is not yet very advanced and the regional institutions remain weak, government institutions at the level of the ACP member states will remain important actors (e.g. trade ministries, ministries of planning and finance, statistics institutes etc.). They will have to play a central role in data collection and processing, since most of the regional groupings lack the necessary statistical and organisational capacities.

3. The joint institutions

One central principle of ACP-EC cooperation is joint decision making and management of cooperation. For this purpose, three joint institutions were established through the Cotonou Agreement: the Joint Council of Ministers, the Joint Committee of Ambassadors, the Joint Parliamentary Assembly.[76]

76 For more details on the tasks and responsibilities of these joint institutions, see ACP-EU Partnership Agreement signed in Cotonou on 23 June 2000 (ACP-EU 2000), Part Two – Institutional Provisions, Article 14-17.

As a consultative body, the Joint Parliamentary Assembly can adopt resolutions and make recommendations on the implementation and management of ACP-EU cooperation, including issues relating to the monitoring of implementation and impacts of assistance (ACP-EU 2000, Article 17). The Joint Parliamentary Assembly may thus also make proposals for a monitoring mechanism. It could also use results from the monitoring mechanism for its own proposals and ensure that EPA implementation becomes accountable to the citizens of the EU and ACP states.

The Joint Council of Ministers, the joint decision-making body, comprises on the one hand the members of the Council of the European Union and members of the European Commission and on the other hand members of the government of each ACP country. This body usually meets once a year to conduct political dialogue, to adopt policy guidelines and decisions necessary for the implementation of the provisions of the Cotonou Agreement, to resolve issues liable to impede their implementation and to ensure a smooth functioning of the consultation mechanisms (ACP-EU 2000, Article 15). Thus it may also become active on issues related to EPA monitoring which may affect all ACP countries or a specific region. It's main role will, however, be to draw on information produced by (an) EPA monitoring system(s), e.g. to discuss compliance, progress and impact in different regions with a view to drawing overall conclusions on the effectiveness of the agreements with regard to the objectives of the Cotonou Agreement. The joint ACP-EU Council of Ministers can also meet in a specific geographical composition if appropriate to the issue to be addressed, i.e. for instance in a configuration made up of the ministers of the ACP countries that have signed an EPA (ACP-EU 2000, Article 15 (1)).

The Joint ACP-EU Council of Ministers can delegate powers to the Joint Committee of Ambassadors. The latter consists of the permanent representatives of each EU Member State and a representative of the Commission, from the European side, and the head of mission of each ACP state, on the ACP side. The Committee of Ambassadors assists the Council of Ministers in the fulfilment of its tasks and carries out any mandate entrusted to it by the Council. In this context it is also responsible for monitoring the implementation of the Cotonou Agreement and progress towards achieving its goals (ACP-EU 2000, Article16 (2)). The Committee of Ambassadors meets regularly and prepares the Council sessions. It monitors the implementation of the Cotonou Agreement with a view to prepare meetings and decisions of the

ACP-EU Council of Ministers (ACP-EU 2000, Article 15 and 16). Thus the Committee has quite a broad mandate for monitoring all aspects of ACP-EU cooperation.

It is, however, important to note that so far procedures and institutional arrangements for a systematic monitoring function have only been defined for the aid component of the Cotonou Agreement. These have been spelt out in Chapter 5 of Annex IV to the Agreement on 'Implementation and Management Procedures'. According to Article 32 of this chapter, *"the objective of monitoring and evaluation [of development cooperation] shall consist in the regular assessment of development operations (preparation, implementation and subsequent operation) with a view to improving the development effectiveness of on-going and future operations."*

According to Article 33, the purpose of monitoring and evaluation is to

"(a) provide regular and independent assessments of the Funds operations and activities by comparing results with objectives; and thereby

(b) enable the ACP States and the Commission and the Joint Institutions, to feed the lessons of experience back into the design and execution of future policies and operations."

Apart from evaluations conducted by either of the partners of the agreement, monitoring and evaluation is carried out jointly by the ACP-EC Development Finance Cooperation Committee, which is assisted by the European Commission and the ACP Secretariat.[77] The procedures of the Development Finance Cooperation Committee are defined by the Committee of Ambassadors of which it is a technical-level sub-committee.[78]

As funding for the design of an EPA-monitoring system and related capacity-building is likely to come from EDF resources, the ACP-EC Development Finance Cooperation Committee will play a role in monitoring and evaluating any future EPA-monitoring mechanism(s).

77 The ACP Secretariat, which is located in Brussels, is responsible for the administrative management of the ACP Group. It assists the Group's decision-making and advisory organs in carrying out their work.

78 For more information on the Development Finance Cooperation Committee and its procedures, see ACP-EC Committee of Ambassadors (2001).

Annex 9 Selected national and international databases useful in the context of EPA monitoring

Table A9.1 provides a general measure of the statistical capacity in each ACP country. The statistical capacity indicator can score from 0-100 and is the simple average of statistical practice, data collection and indicator availability. For orientation, the developing country average is 65.

Table A9.1: Statistical capacity indicator (scale of 0 to 100) for ACP countries (World Bank data)

	2006 Statistical capacity indicator	Statistical practice	Data collection	Indicator availability
West Africa				
Benin	63	40	70	80
Burkina Faso	72	50	80	85
Cape Verde	52	40	60	55
Cote d'Ivoire	70	60	80	70
Gambia	53	40	60	60
Ghana	58	30	70	75
Guinea	55	30	70	65
Guinea-Bissau	43	30	40	60
Liberia	18	10	0	45
Mali	63	40	80	70
Mauritania	68	40	80	85
Niger	70	50	80	80
Nigeria	52	40	40	75
Senegal	75	60	80	85

Table A9.1: Statistical capacity indicator (scale of 0 to 100) for ACP countries (World Bank data)				
	2006 Statistical capacity indicator	Statistical practice	Data collection	Indicator availability
Sierra Leone	47	30	60	50
Togo	52	40	40	75
East South Africa				
Burundi	40	40	20	60
Comoros	57	30	70	70
Djibouti	45	40	30	65
Eritrea	38	20	20	75
Ethiopia	60	50	60	70
Kenya	62	40	70	75
Madagascar	63	50	60	80
Malawi	63	60	50	80
Mauritius	63	80	40	70
Rwanda	60	50	60	70
Seychelles	52	50	60	45
Sudan	30	30	0	60
Uganda	73	60	80	80
Zambia	65	20	80	95
Zimbabwe	53	60	30	70
Central Africa				
Cameroon	72	60	70	85
Central African Republic	38	10	50	55

Table A9.1: Statistical capacity indicator (scale of 0 to 100) for ACP countries (World Bank data)				
	2006 Statistical capacity indicator	Statistical practice	Data collection	Indicator availability
Chad	58	60	30	85
Congo, DR	43	50	30	50
Congo, Rep. of	50	50	50	50
Equatorial Guinea	28	10	20	55
Gabon	43	20	50	60
São Tomé & Príncipe	48	30	60	55
Southern Africa				
Angola	35	40	10	55
Botswana	47	30	40	70
Lesotho	62	50	60	75
Mozambique	68	50	70	85
Namibia	50	40	50	60
Swaziland	57	30	70	70
Tanzania	62	50	60	75
Caribbean Region				
Antigua	n.a.	n.a.	n.a.	n.a.
Bahamas	n.a.	n.a.	n.a.	n.a.
Barbados	n.a.	n.a.	n.a.	n.a.
Belize	43	50	20	60
Dominica	45	50	40	45
Dominican Rep.	63	40	60	90

Table A9.1: Statistical capacity indicator (scale of 0 to 100) for ACP countries (World Bank data)				
	2006 Statistical capacity indicator	Statistical practice	Data collection	Indicator availability
Grenada	47	50	40	50
Guyana	50	40	30	80
Haiti	32	20	20	55
Jamaica	77	60	80	90
St. Lucia	57	50	60	60
St. Vincent	60	60	60	60
St. Kitts & Nevis	47	50	60	30
Surinam	55	50	50	65
Trinidad & Tobago	70	80	60	70
Pacific Region				
Cook Islands	n.a.	n.a.	n.a.	n.a.
Federal Sts. of Micronesia	27	20	20	40
Fiji	47	40	40	60
Kiribati	30	20	20	50
Marshall Islands	25	10	20	45
Nauru	n.a.	n.a.	n.a.	n.a.
Niue	n.a.	n.a.	n.a.	n.a.
Palau	32	20	40	35
Papua New Guinea	50	60	30	60
Samoa	45	40	40	55

Table A9.1: Statistical capacity indicator (scale of 0 to 100) for ACP countries (World Bank data)				
	2006 Statistical capacity indicator	Statistical practice	Data collection	Indicator availability
Solomon Islands	30	20	20	50
Tonga	43	40	40	50
Tuvalu	n.a.	n.a.	n.a.	n.a.
Vanuatu	50	70	20	60
Source: World Bank				

Table A9.2: Year of publication of first and second PRSP in ACP countries (World Bank homepage)		
Country	PRSP I	PRSP II
West Africa		
Benin	2002	
Burkina Faso	2000	2004
Cape Verde	2004	
Gambia	2002	
Ghana	2003	2005
Guinea	2002	2006
Mali	2003	
Mauritania	2000	2006
Niger	2002	
Nigeria	2005	

Table A9.2: Year of publication of first and second PRSP in ACP countries (World Bank homepage)		
Senegal	2002	2005
Sierra Leone	2005	
East South Africa		
Burundi	2006	
Djibouti	2004	
Ethiopia	2002	
Kenya	2004	
Madagascar	2003	2007
Malawi	2002	2006
Rwanda	2002	
Uganda	2000	2005
Zambia	2002	
Central Africa		
Cameroon	2003	
Central African Republic	2006	
Chad	2003	
São Tomé & Príncipe	2005	
Southern Africa		
Lesotho	2005	2006
Mozambique	2001	2006
Tanzania	2000	2005
Caribbean Region		
Dominica	2006	
Guyana	2002	

Table A9.3: Availability of governance indicators for developing countries by selected sources					
Governance	Earth trends	World Bank	BTI	Free-dom House	HDR
Democracy Status			x		
○ Political and Social Integration			x		
○ Stability of Democratic Institutions			x		
○ Rule of Law			x		
○ Political Participation			x		
○ Stateness			x		
Management Index			x		
○ Steering Capacity			x		
○ Resource Efficiency			x		
○ Consensus building			x		
○ International Cooperation			x		
Trend Democracy			x		
Political Rights	x			x	
Civil Liberties	x			x	
Public Sector Management and Institutions		x			
○ Property Rights and Rule-based Governance		x			
○ Quality of Budgetary and Financial Management		x			
○ Efficiency of Revenue Mobilization		x			

Table A9.3: Availability of governance indicators for developing countries by selected sources					
Governance	Earth trends	World Bank	BTI	Free-dom House	HDR
○ Quality of Public Administration		x			
○ Transparency, Accountability and Corruption in the Public Sector		x			
Status of Major International Labour Rights Conventions (ratified, denounced)					x
Public Expenditure (% of GDP)	x				x
○ Health	x				x
○ Education	x				x
○ Military	x				x
○ Total Debt Service					x

Table A9.4: Availability of economic development indicators for developing countries by selected sources											
Economic Development	BTI	Afrobarometer (AB)	Earth trends	HDR	TI	MDG	UNCTAD	FAO	UNIDO	WB	Monetary Fund (IMF)
Trend Market Economy	x										
Market Economy Status	x										
○ Socioeconomic Level	x										
○ Market Organisation	x										
○ Currency and Price Stability	x										
○ Private Property	x										
○ Welfare Regime	x										
○ Economic Performance	x										
○ Sustainability	x										
Trends in the Economy		x									
○ Macroeconomic Conditions		x									
○ Personal Living Conditions		x									
○ The Experience of Poverty		x									

Table A9.4: Availability of economic development indicators for developing countries by selected sources

Economic Development	BTI	Afrobarometer (AB)	Earth trends	HDR	TI	MDG	UNCTAD	FAO	UNIDO	WB	Monetary Fund (IMF)
○ Attitudes to Economic Reform		x									
Economic Management										x	
○ Macroeconomic Management										x	
○ Fiscal Policy										x	
○ Debt Policy										x	
Structural Policies										x	
○ Trade										x	
○ Financial Sector										x	
○ Business Regulatory Environment										x	
○ GDP per capita (PPP US$)				x						x	
○ Annual Growth Rate				x						x	
○ Highest Value during 1975-2004				x						x	
○ Year of highest value				x						x	

Table A9.4: Availability of economic development indicators for developing countries by selected sources

Economic Development	BTI	Afrobarometer (AB)	Earth trends	HDR	TI	MDG	UNCTAD	FAO	UNIDO	WB	Monetary Fund (IMF)
Gross domestic product, constant prices			x								x
Gross domestic product, current prices			x								x
Gross domestic product, deflator			x								x
Gross domestic product per capita, constant prices			x								x
Gross domestic product per capita, current prices			x								x
Gross domestic product based on purchasing power parity (PPP) valuation of country GDP											x
Gross domestic product based on purchasing power parity (PPP) per capita GDP											x

Table A9.4: Availability of economic development indicators for developing countries by selected sources

Economic Development	BTI	Afrobarometer (AB)	Earth trends	HDR	TI	MDG	UNCTAD	FAO	UNIDO	WB	Monetary Fund (IMF)
Gross domestic product based on purchasing power parity (PPP) share of world total											x
Implied PPP conversion rate											x
Inflation, consumer prices											x
Population											x
Current account balance											x
Agricultural value added per worker										x	
Value added as % of GDP										x	
○ Agriculture										x	
○ Industry										x	
○ Services										x	
Foreign Direct Investment										x	
Corruption Perception Index (CPI)					x						

Table A9.4: Availability of economic development indicators for developing countries by selected sources

Economic Development	BTI	Afrobarometer (AB)	Earth trends	HDR	TI	MDG	UNCTAD	FAO	UNIDO	WB	Monetary Fund (IMF)
Net foreign direct investment inflows (% of GDP)				x						x	
Financial Flows: Net Inflows (sales - purchases) of Cross-Border Mergers and Acquisitions			x				x				
Cost to register property, (%) of property value			x							x	
Cost to start a new business, (%) GNI per capita			x							x	
Time required to re-gister property (days)			x							x	
Time required to start a new business (days)			x							x	
Telephone mainlines (per 1000 people)			x	x		x				x	
Cellular subscribers (per 1000 people)			x	x		x				x	
Internet users (per 1000 people)			x	x		x				x	

Table A9.4: Availability of economic development indicators for developing countries by selected sources											
Economic Development	BTI	Afrobarometer (AB)	Earth trends	HDR	TI	MDG	UNCTAD	FAO	UNIDO	WB	Monetary Fund (IMF)
Digital Access Index			x								
Agricultural Production			x					x			
○ Quantity produced			x					x			
○ Producer price			x					x			
○ Value at farmgate (forthcoming)			x					x			
○ Area harvested			x					x			
○ Yield per hectare			x					x			
Industrial Performance											
MVA, average annual real growth rate (in %)									x		
Non-manufacturing GDP, average annual real growth rate (in %)									x		
MVA per capita, in constant 1995 US$									x		
MVA as percentage of GDP at constant 1995 prices									x		

Table A9.4: Availability of economic development indicators for developing countries by selected sources											
Economic Development	BTI	Afrobarometer (AB)	Earth trends	HDR	TI	MDG	UNCTAD	FAO	UNIDO	WB	Monetary Fund (IMF)
Average annual real growth rates (ISIC 2-digit level)									x		
Structure of MVA (ISIC 2-digit level)									x		
Value added and related indicators by industry, at current prices, selected years									x		
Employment, wages and related indicators by industry									x		
Apparent consumption									x		
Ratio of output to apparent consumption									x		
Imports as % of apparent consumption									x		
Exports as % of output									x		

Table A9.5: Availability of sustainable development indicators for developing countries by selected sources				
Sustainable Development	Earth trends	HDR	FAO	ESI
Traditional Fuel Consumption (% of total energy requirements)		x		
Electricity consumption per capita (kilowatt-hours)	x	x		
Carbon Dioxide Emissions		x		
○ Per capita (metric tons)		x		
○ Share of world total (%)		x		
Forests: Annual change in growing stock 1990–2005	x		x	
Change in extent of primary forest 1990–2005	x		x	
Change in extent of forest and other wooded land 1990–2005	x		x	
Extent of forest and other wooded land 2005	x		x	
Land degradation: severity of human-induced degradation	x		x	
Air Quality				x
Biodiversity				x
Land				x
Water Quality				x
Water Quantity				x
Reducing Air Pollution				x
Reducing Ecosystem Stress				x

Table A9.5: Availability of sustainable development indicators for developing countries by selected sources				
Sustainable Development	Earth trends	HDR	FAO	ESI
Reducing Population Stress				x
Reducing Waste & Consumption Pressures				x
Reducing Water Stress				x
Natural Resource Management				x
Environmental Health				x
Basic Human Sustenance				x
Reducing Env.-Related Natural Disaster Vulnerability				x
Environmental Governance				x
Eco-Efficiency				x
Private Sector Responsiveness				x
Science and Technology				x
International Collaborative Efforts				x
Greenhouse Gas Emissions				x
Reducing Transboundary Environmental Pressures				x

Table A9.6: Availability of trade indicators for developing countries by selected sources

Trade	Earth trends	HDR	MDG	Euro stat	UNCTAD	COM TRADE	FAO	UNIDO	WB	IMF
Proportion of total developed country imports (by value and excluding arms) from developing countries and from the least developed countries, admitted free of duty			x		x				x	
Average tariffs imposed by developed countries on agricultural products and clothing from developing countries			x		x				x	
Debt service as a percentage of exports of goods and services	x	x	x						x	x
Imports				x		x	x			
○ trade value				x		x	x			
○ quantity				x		x	x			
Exports				x		x	x			
○ trade value				x		x	x			
○ quantity				x		x	x			
MFN Mean					x					
MFN Minimum					x					
MFN Maximum					x					

Table A9.6: Availability of trade indicators for developing countries by selected sources										
Trade	Earth trends	HDR	MDG	Euro stat	UNCTAD	COM TRADE	FAO	UNIDO	WB	IMF
NTM Incidence					x					
# of Tariff Lines					x					
Terms of Trade		x								
Imports of goods and services (% of GDP)		x							x	
Exports of goods and services (% of GDP)		x							x	
Merchandise Imports									x	
Merchandise Exports		x							x	
○ Primary Exports		x							x	
○ Manufactured Exports		x							x	
○ High-technology Exports		x							x	
Composition & Value of Trade in Industrial Goods (SITC-Rev.1)								x		
○ Percentage in total exports								x		
○ Percentage in total imports								x		
Trade balance (exports less imports)								x		
Ratio of trade balance to total trade								x		

Table A9.7: Availability of poverty and food security indicators for developing countries by selected sources					
Poverty and Food Security	Earth trends	HDR	MDG	FAO	WB
Proportion of population below $1 purchasing power parity per day			x		x
The poverty headcount ratio			x		
Poverty gap ratio (incidence multiplied by depth of poverty)			x		x
Share of the poorest quintile in national consumption			x		x
HDI	x	x			
○ Life expectancy at birth		x			
○ Adult literacy rate		x			
○ Combined gross enrolment ratio for primary, secondary and tertiary schools		x			
○ GDP per capita (PPP US$)		x			x
Population below income poverty line (%)		x			x
○ 1 US$ a day	x	x			x
○ 2 US$ a day	x	x			x
○ National Poverty Line	x	x			x
○ urban/rural differentiation	x				x
Poverty Gap at 1$/2$ a day					x
Births attended by skilled health personnel	x	x	x		
Children under height for age	x	x			

Table A9.7: Availability of poverty and food security indicators for developing countries by selected sources					
Poverty and Food Security	Earth trends	HDR	MDG	FAO	WB
Probability at birth of not surviving to age 40 (% of cohort)		x			
Inequalities		x			
○ Health (richest and poorest 20% of total population)		x			
– Infant mortality rate		x			x
– Under-five mortality rate		x			x
○ Income and Expenditure		x			x
○ Share of Income or Expenditure (Richest 10%, Richest 20%, Poorest 20 %, Poorest 10 %)	x	x			x
○ Inequality measures		x			
– Richest 10 % to Poorest 10 %		x			
– Richest 20 % to Poorest 20 %	x	x			
– Gini Index	x	x			x
○ Gender		x			
– GDI (Gender Development Index)		x			
– GEM (Gender Empowerment Measure)	x	x			
Percent of urban population living in slums	x				

Table A9.7: Availability of poverty and food security indicators for developing countries by selected sources					
Poverty and Food Security	Earth trends	HDR	MDG	FAO	WB
Estimated earned annual income, female (non-agricultural)	x	x			x
Estimated earned annual income, male (non-agricultural)	x	x			x
Lack of Durability of Housing	x				
Prevalence of (moderately or severely) underweight children			x		
Proportion of the population below the minimum level of dietary energy consumption			x		
Consumption				x	
○ Quantity				x	
○ Dietary Energy				x	
○ Proteins (forthcoming)				x	
○ Fats (forthcoming)				x	
○ Total and per Capita				x	
Food Quality				x	
○ Contributions of Carbohydrates in total Dietary Energy Consumption (%)				x	
○ Contributions of Fats in total Dietary Energy Consumption (%)				x	

Table A9.7: Availability of poverty and food security indicators for developing countries by selected sources					
Poverty and Food Security	Earth trends	HDR	MDG	FAO	WB
○ Contributions of Proteins in total Dietary Energy Consumption (%)				x	
○ Minimum Dietary Energy Requirement (kcal/person/day)				x	
Undernourishment				x	
○ Number of undernourished Persons (millions)				x	
○ Population undernourished (% of total)		x		x	
Children under weight for age (% under age 5)	x	x			
HIV prevalence (% ages 15-49)	x	x			
Population without sustainable access to an improved water source (%)	x	x	x		
Physicians (per 100,000 people)	x	x			
Maternal Mortality Ratio (per 100,000 live births)	x	x			
Population without sustainable access to improved sanitation (%)	x	x			
Youth literacy rate		x			
Net primary enrolment ratio	x	x			
Net secondary enrolment ratio	x	x			
Children reaching grade five		x			

Table A9.8: Availability of official development assistance (ODA) indicators for developing countries by selected sources					
ODA	Earth trends	HDR	MDG	OECD	UNIDO
Proportion of ODA provided to help build trade capacity			x	x	
ODA Disbursements by				x	x
○ Recipient				x	x
○ Donor				x	x
○ Aid Type				x	x
○ Part				x	x
○ Amount Type				x	x
○ Year				x	x
ODA received (net disbursements)	x	x		x	
○ Total	x	x		x	
○ Per capita	x	x		x	
○ As % of GDP	x	x		x	

Table A9.9: Selected governance indicators for Tanzania by selected sources					
Governance	Earth trends	World Bank	BTI	Freedom House	HDR
Democracy Status			6.5 (of 10)		
○ Political and Social Integration			5.8 (of 10)		
○ Stability of Democratic Institutions			6.0 (of 10)		
○ Rule of Law			5.8 (of 10)		
○ Political Participation			7.0 (of 10)		
○ Stateness			7.8 (of 10)		
Management Index			5.9 (of 10)		
○ Steering Capacity			5.7 (of 10)		
○ Resource Efficiency			4.7 (of 10)		
○ Consensus building			6.5 (of 10)		
○ International Cooperation			8.7 (of 10)		
Trend Democracy			+/-		
Political Rights	3 (Partly Free)			3 (Partly Free)	
Civil Liberties	4 (Partly Free)			4 (Partly Free)	

Table A9.9: Selected governance indicators for Tanzania by selected sources					
Governance	Earth trends	World Bank	BTI	Freedom House	HDR
Public Sector Management and Institutions		average 3.8 (of 6.0)			
○ Property Rights and Rule-based Governance		3.5 (of 6.0)			
○ Quality of Budgetary and Financial Management		4.5 (of 6.0)			
○ Efficiency of Revenue Mobilization		4.0 (of 6.0)			
○ Quality of Public Administration		3.5 (of 6.0)			
○ Transparency, Accountability and Corruption in the Public Sector		3.5 (of 6.0)			
Status of Major International Labour Rights Conventions (ratified, denounced)					completely ratified
Public Expenditure (% of GDP)					
○ Health	2.4% (2003)				2.4% (2003)
○ Education	2.8% (1991)				2.8% (1991)

Table A9.9: Selected governance indicators for Tanzania by selected sources					
Governance	Earth trends	World Bank	BTI	Freedom House	HDR
○ Military	1.1% (2004)				1.1% (2004)
○ Total Debt Service					1.1% (2004)

Table A9.10: Selected economic development indicators for Tanzania by selected sources									
Economic Development	BTI	Earth trends	HDR	TI	MDG	UNCTAD	UNIDO	WB	IMF
Trend Market Economy	+								
Market Economy Status	4.9 (of 10)								
○ Socioeconomic Level	4.0 (of 10)								
○ Market Organisation	4.0 (of 10)								
○ Currency and Price Stability	7.0 (of 10)								
○ Private Property	7.0 (of 10)								
○ Welfare Regime	3.0 (of 10)								
○ Economic Performance	6.0 (of 10)								

Table A9.10: Selected economic development indicators for Tanzania by selected sources									
Economic Development	BTI	Earth trends	HDR	TI	MDG	UNCTAD	UNIDO	WB	IMF
○ Sustainability	3.0 (of 10)								
Economic Management								Ø 4.5 (of 6.0)	
○ Macroeconomic Management								5.0 (of 6.0)	
○ Fiscal Policy								4.5 (of 6.0)	
○ Debt Policy								4.0 (of 6.0)	
Structural Policies								Ø 3.7 (of 6.0)	
○ Trade								4.0 (of 6.0)	
○ Financial Sector								3.5 (of 6.0)	

Table A9.10: Selected economic development indicators for Tanzania by selected sources									
Economic Development	BTI	Earth trends	HDR	TI	MDG	UNCTAD	UNIDO	WB	IMF
○ Business Regulatory Environment								3.5 (of 6.0)	
○ GDP per capita (PPP US$)			674 (2004)					674 (2004)	
○ Annual Growth Rate			1.1%					1.1%	
– Highest Value during 1975-2004			674					674	
– Year of highest value			2004					2004	
Gross domestic product, constant prices (billion TSh)		x							9973.705 (2005)
Gross domestic product, constant prices, annual change (%)									6.8% (2005)
Gross domestic product, current prices (billion TSh)		x							14209.092 (2005)
Gross domestic product, current prices (billion US$)									12.607 (2005)

Table A9.10: Selected economic development indicators for Tanzania by selected sources									
Economic Development	BTI	Earth trends	HDR	TI	MDG	UNCTAD	UNIDO	WB	IMF
Gross domestic product, deflator		x							142.466
Gross domestic product per capita, constant prices		x							235225.257 TSh (2002)
Gross domestic product per capita, current prices		x							267953.523 TSh (2002)
Gross domestic product per capita, current prices									278.186 US$ (2002)
Gross domestic product based on purchasing power parity (PPP) valuation of country GDP (bill US-$)									24.738 (2004)
Gross domestic product based on purchasing power parity (PPP) per capita GDP									587.043 US$ (2002)

Table A9.10: Selected economic development indicators for Tanzania by selected sources									
Economic Development	BTI	Earth trends	HDR	TI	MDG	UNCTAD	UNIDO	WB	IMF
Gross domestic product based on purchasing power parity (PPP) share of world total									0.043% (2004)
Inflation, consumer prices (Index, 2000=100)									124.769 (2005)
Inflation, consumer prices annual change (%)									4,4% (2005)
Current account balance (billion US-$)									-0.651 (2005)
Current account balance (% of GDP)									-5.2 (2005)
Agricultural value added per worker (2000 US-$)								287 (2002-2004)	
Value added as % of GDP									
○ Agriculture								45% (2005)	

Table A9.10: Selected economic development indicators for Tanzania by selected sources									
Economic Development	BTI	Earth trends	HDR	TI	MDG	UNCTAD	UNIDO	WB	IMF
○ Industry								18% (2005)	
○ Services								38% (2005)	
Corruption Perception Index (CPI)				2.9 (of 10)					
Net foreign direct investment inflows (% of GDP)			2.3 (2004)					2.3 (2004)	
Financial Flows: Net Inflows (sales-purchases) of Cross-Border Mergers and Acquisitions (in million US-$)		2 (2003)				2 (2003)			
Cost to register property, (%) of property value		5.5 (2006)						5.5 (2006)	
Cost to start a new business, (%) GNI per capita		91.6 (2006)						91.6 (2006)	

Table A9.10: Selected economic development indicators for Tanzania by selected sources									
Economic Development	BTI	Earth trends	HDR	TI	MDG	UNCTAD	UNIDO	WB	IMF
Time required to register property (days)		123 (2006)						123 (2006)	
Time required to start a new business (days)		30 (2006)						30 (2006)	
Telephone mainlines (per 1000 people)		3 (1990)	3 (1990)		3 (1990)			3 (1990)	
Cellular subscribers (per 1000 people)		44 (2004)	44 (2004)		44 (2004)			44 (2004)	
Internet users (per 1000 people)		9 (2004)	9 (2004)		9 (2004)			9 (2004)	
Digital Access Index		15 (of 100) (2002)							
MVA, average annual real growth rate (in %)							8.0% (2000-2005)		

Table A9.10: Selected economic development indicators for Tanzania by selected sources									
Economic Development	BTI	Earth trends	HDR	TI	MDG	UNCTAD	UNIDO	WB	IMF
Non-manufacturing GDP, average annual real growth rate (in %)							6.6% (2000-2005)		
MVA per capita, in constant 1995 US$							17 (2005)		
MVA as percentage of GDP at constant 1995 prices							7.4 (2005)		

Table A9.11: Selected sustainable development indicators for Tanzania by selected sources				
Sustainable Development	Earth trends	HDR	FAO	ESI
Traditional Fuel Consumption (% of total energy requirements)		94.4% (2003)		
Electricity consumption per capita (kilowatt-hours)	78 (2003)	78 (2003)		
Carbon Dioxide Emissions				
○ Per capita (metric tons)		0.1 (2003)		
Forests: Annual change in growing stock 1990–2005	-16400 (2000-2005)		-16400 (2000-2005)	
Change in extent of forest and other wooded land 1990–2005	-1.1% (2000-2005)		-1.1% (2000-2005)	
Extent of forest and other wooded land 2005	39% (2005)		39% (2005)	
Air Quality				-0,73
Biodiversity				0.23
Land				0.17
Water Quality				-0.79
Water Quantity				-0.29
Reducing Air Pollution				0.80
Reducing Ecosystem Stress				0.22
Reducing Population Stress				-0.91
Reducing Waste & Consumption Pressures				0.86

Table A9.11: Selected sustainable development indicators for Tanzania by selected sources				
Sustainable Development	Earth trends	HDR	FAO	ESI
Reducing Water Stress				0.91
Natural Resource Management				-0.25
Environmental Health				-0.75
Basic Human Sustenance				-1.08
Reducing Env.-Related Natural Disaster Vulnerability				0.49
Environmental Governance				-0.01
Eco-Efficiency				0.93
Private Sector Responsiveness				-0.12
Science and Technology				-0.63
International Collaborative Efforts				0.74
Greenhouse Gas Emissions				0.91
Reducing Transboundary Environmental Pressures				-0.61

Table A9.12: Selected trade indicators for Tanzania by selected sources					
Trade	Earth trends	HDR	MDG	WB	IMF
Debt service as a percentage of exports of goods and services	6.4% (2004)	6.4% (2004)	6.4% (2004)	6.4% (2004)	6.4% (2004)
Imports of goods and services (% of GDP)		29% 2004)		29% 2004)	
Exports of goods and services (% of GDP)		19% (2004)		19% (2004)	
Merchandise Exports					
○ Primary Exports		80% (2004)		80% (2004)	
○ Manufactured Exports		20% (2004)		20% (2004)	
○ High-technology Exports		2% (2004)		2% (2004)	

Table A9.13: Selected poverty and food security indicators for Tanzania by selected sources					
Poverty and Food Security	Earth trends	HDR	MDG	FAO	WB
Proportion of population below $1 purchasing power parity per day			57.8% (2000)		57.8% (2000)
Poverty gap ratio (incidence multiplied by depth of poverty)			20.7 (2001)		20.7 (2001)

Table A9.13: Selected poverty and food security indicators for Tanzania by selected sources					
Poverty and Food Security	Earth trends	HDR	MDG	FAO	WB
Share of the poorest quintile in national consumption			7.3% (2000)		7.3% (2000)
HDI	0.430 (of 1)	0.430 (of 1)			
○ Life expectancy at birth		46 years (2000-2005)			
○ Adult literacy rate		69.4% (2004)			
○ Combined gross enrolment ratio for primary, secondary and tertiary schools		48% (2004)			
○ GDP per capita (PPP US$)		674			674
Population below income poverty line (%)					
○ 1 US$ a day	57.8% (1990-2004)	57.8% (1990-2004)			57.8% (1990-2004)
○ 2 US$ a day	89.9% (1990-2004)	89.9% (1990-2004)			89.9% (1990-2004)
○ National Poverty Line	35.7% (1990-2003)	35.7% (1990-2003)			35.7% (1990-2003)
Births attended by skilled health personnel	46% (1996-2004)	46% (1996-2004)	46% (1996-2004)		

Table A9.13: Selected poverty and food security indicators for Tanzania by selected sources					
Poverty and Food Security	Earth trends	HDR	MDG	FAO	WB
Children under height for age	44% (1996-2004)	44 (1996-2004)			
Probability at birth of not surviving to age 40 (% of cohort)		44.4% (2000-2004)			
Inequality measures					
○ Richest 10 % to Poorest 10 %		9.2			
○ Richest 20 % to Poorest 20 %	5.8	5.8			
○ Gini Index	34.6 (0- 100)	34.6 (0- 100)			34.6 (0- 100)
Gender					
○ GDI (Gender Development Index)		0.426 (of 1)			
○ GEM (Gender Empowerment Measure)	0.597 (of 1)	0.597 (of 1)			
Percent of urban population living in slums	92.1 % (2001)				
Estimated earned annual income, female (non-agricultural)	569 US$ PPP (2004)	569 US$ PPP (2004)			569 US$ PPP (2004)
Estimated earned annual income, male (non-agricultural)	781 US$ PPP (2004)	781 US$ PPP (2004)			781 US$ PPP (2004)

Table A9.13: Selected poverty and food security indicators for Tanzania by selected sources					
Poverty and Food Security	Earth trends	HDR	MDG	FAO	WB
Lack of Durability of Housing					
Prevalence of (moderately or severely) underweight children			22% (1996-2004)		
Proportion of the population below the minimum level of dietary energy consumption			44% (2004)		
Consumption					
○ Quantity				1960 (2002-2004)	
○ Dietary Energy				50 (2002-2004)	
Food Quality					
○ Contributions of Carbohydrates in total Dietary Energy Consumption (%)				75% (2002-2004)	
○ Contributions of Fats in total Dietary Energy Consumption (%)				15% (2002-2004)	
○ Contributions of Proteins in total Dietary Energy Consumption (%)				10% (2002-2004)	
○ Minimum Dietary Energy Requirement (kcal/person/day)				1810 (2002-2004)	

Table A9.13: Selected poverty and food security indicators for Tanzania by selected sources					
Poverty and Food Security	Earth trends	HDR	MDG	FAO	WB
Undernourishment					
○ Number of undernourished Persons (millions)				16.4 (2002-2004)	
○ Population undernourished (% of total)		44% (2001/03)		44% (2001/03)	
Children under weight for age (% under age 5)	22% (1996-2004)	22% (1996-2004)			
HIV prevalence (% ages 15-49)	6.5% (2005)	6.5% (2005)			
Population without sustainable access to an improved water source (%)	38% (2004)	38% (2004)	38% (2004)		
Physicians (per 100,000 people)	2 (1990-2004)	2 (1990-2004)			
Maternal Mortality Ratio (per 100,000 live births)	1500 (2000)	1500 (2000)			
Population without sustainable access to improved sanitation (%)	47% (2004)	47% (2004)			
Youth literacy rate		78.4% (2004)			
Net primary enrolment ratio	86% (2004)	86% (2004)			

Table A9.13: Selected poverty and food security indicators for Tanzania by selected sources					
Poverty and Food Security	Earth trends	HDR	MDG	FAO	WB
Net secondary enrolment ratio	n.a.	n.a.			
Children reaching grade five		88% (2003)			

Table A9.14: Selected official development assistance (ODA) indicators for Tanzania by selected sources			
ODA	Earth trends	HDR	OECD
ODA received (net disbursements)			
○ Total	1746 (2004)	1746 (2004)	1746 (2004)
○ Per capita	46.4 (2004)	46.4 (2004)	46.4 (2004)
○ As % of GDP	16.1 (2004)	16.1 (2004)	16.1 (2004)

Key:

x — Primary Data Source / obtained from National Statistical Authorities

x — Secondary Data Source

Annex 10 Composition of the UNCTAD Trade and Development Index

Dimensions	Component	Indicator
Structural and institutional dimension	Human capital	Health expenditure p.c. (% GDP), Education expenditure p.c. (% GDP)
	Physical infrastructure	Paved roads ratio (of total roads), Air transport freight (million tonnes per km), Telephone mainlines per 1000 population
	Financial environment	Domestic credit to private sector (% GDP)
	Institutional quality	Bureaucratic quality index (0-4 scale), Corruption index (0-6 scale)
	Economic structure	Agriculture value added (% GDP)
	Environmental sustainability	Access to improved sanitation (%), Access to improved water (%), Energy use
Trade policies and processes	Openness to trade	Applied trade-weighted average tariff (%) Share of lines with national peaks (%), Share of lines with international peaks (%), Share of lines with specific tariffs (%)
	Effective foreign market access	Applied trade-weighted average imposed by trade partners (%), Share of lines with domestic peaks in trade partners (%), Share of lines with international peaks in trade partners (%), Share of lines with specific tariffs by trade partners (%), Merchandise exports concentration index

Level of development	Economic development	GDP per capita, PPP constant 1995 dollar
	Social development	Adult literacy rate (%), Gross combined enrolment rate (%), life expectancy (years)
	Gender development	Share of GDP per capita, female to male; share of adult literacy rate, female to male; share of gross enrolment ratio, female to male; share of life expectancy rate, female to male
Source: UNCTAD (2007)		

Annex 11 Development benchmarks for EPA monitoring[79]

The development benchmarks approach could provide an important analytical tool for addressing the difficulties inherent in designing an EPA-monitoring instrument. The idea of establishing benchmarks for sustainable development through a wide consultative process was first suggested by the ACP-EU Joint Parliamentary Assembly in 2002. It has recently been reiterated in various ACP Council declarations.

The approach is based on the idea of setting development objectives (to be agreed by ACP and EU stakeholders) and comparing expectations with actual provisions in the agreement. Benchmarks are thus used as points of reference for assessing the progress of EPA negotiations towards the development goal they should serve. Two separate phases of the development benchmarks process should be distinguished. First, an appropriate set of sustainable development benchmarks is designed in a consultative or participatory manner. Definition of the set of benchmarks should be the responsibility of all involved local stakeholders to maximise credibility, transparency and ownership. Second, progress of EPAs is assessed relative to the earlier defined "development benchmarks".

The development benchmarks approach has a number of advantages. First, the benchmarks provide a tool for bridging different interpretations of the development dimension of EPAs and moving discussions forward on the content of the EPAs. Second, establishment of benchmarks on sustainable development clarify assumptions and values underlying the EPA-monitoring exercise. Third, the use of development benchmarks facilitates consensus on the exact definition of the specific objectives to be monitored. In broad lines, it could constitute an overall methodology for EPA monitoring, to be used throughout the ACP, with regional and country-specific identification and prioritisation of the specific goals to be evaluated.[80]

79 This Annex is based on the study by Bilal and Rampa (2006) and results from work and discussions of (other) initiatives around pro-development monitoring of EPAs.

80 Researchers and CSOs interested in such a benchmark process have suggested that three sets of development benchmarks be developed to cover the main aspects of the new partnership agreements: market access, policy space and development resources. See ICTSD and APRODEV (2005).

According to some observers, a benchmarking exercise for pro-development monitoring would offer an opportunity to institutionalise for the first time a systematic assessment of how the economic, trade and development aspects of ACP-EU cooperation link together and complement each other in pursuit of the CPA objectives. This would therefore go beyond the simple monitoring function to be performed by one of the various institutions envisaged by an EPA agreement, to become a broader formal assessment of how the different dimensions of the ACP-EU partnership, the EPA-related interventions, and the various parts of an EPA agreement are linking with each other and contributing to poverty reduction and development. Such an approach would assign to monitoring a very central role, to be reflected both in an EPA legal text (principles, functions, scope, methods of monitoring and use of its results) and the steps to be taken after the signing of an agreement to make a monitoring system effective and fully operational.

One proposal in this direction on the kind of EPA legal provisions needed to establish the principles and process for development benchmarks monitoring is reported here in the following Annex 12. This non-paper, emerging from work and discussions of initiatives around pro-development monitoring of EPAs (such as those initiated by ICTSD and APRODEV), proposes, for instance, to include provisions on monitoring not in a specific chapter or as part of the 'institutional provisions' for EPA but as core part of a Chapter on Development.

Another example of how to capture the concept of development benchmarks for the implementation phase of EPA was put forward in 2006 in the draft EPA text proposed by the Eastern & Southern Africa (ESA) region (ESA 2007). Article 19 (of the Free Movement of Goods Title) would be named 'Development Benchmarks and Review Clause' and read:

"1. The parties agree to regularly review progress in the implementation of this Title within the relevant institution and will propose as appropriate any remedial measures.

2. Every five years the ESA-EU EPA Council shall undertake a formal and comprehensive review in order to:

i) assess the contribution of Parts XXXX and XXXX towards the achievement of development benchmarks as set out in annex XXXX which shall be derived from ESA national development programs;

ii) ascertain if the development benchmarks have been attained by the individual ESA countries as well as determine whether the Community's trade

and development polices and assistance have contributed to individual ESA countries achieving the development benchmarks;

iii) monitor policies and the release of resources towards financing activities aimed at building the ESA regional market based on the regional integration agendas.

3. *Not withstanding Article 14 (Tariff Elimination) of this agreement, in the event a specific country has not attained the development benchmarks, it may apply for the derogation of tariff reductions set out in this Title and make provisions for corrective measures.*

4. *In the event that, after each review, the Community is not meeting its obligations under this agreement, it shall provide corrective measures".*

In terms of the process to take place after the signing of an agreement to make monitoring operational, a useful approach (outlined in Chapter 7.2) could be to utilise 'results chain analysis' to monitor how EPA commitments (inputs) are being delivered, the associated impacts (outputs) and to identify gaps in the achievement of overall objectives for mitigating measures or policy changes. 'Development benchmarks' would be the specific objectives to be monitored (for instance, diversification of exports) and 'development milestones' would be the EPA-induced policy actions and removal of impediments (including non-action) by both the EU and ACP countries that are necessary to make progress towards those goals (for example, tariff reduction by the EU and trade-facilitation reforms by the ACP). 'Results chain analysis' would then describe the sequence of such milestones and their direct and indirect outputs for different stakeholders in the process of achieving the development benchmarks. Using this approach, stakeholders participating in the exercise could identify thresholds indicating sufficient progress towards the 'benchmark' and indicators for every 'milestone' in the results chain. The main focus of the monitoring exercise would be whether the results chain from EPA provisions (input) to EPA goals (desired impact) is implemented accordingly (through measurable thresholds and milestones). This would also strengthen mutual accountability, so that ACP and EU stakeholders could check whether actions are implemented, and this is not only a matter of agreed commitments whereby ACP and EU monitor each other only at government level. Such a methodology could be developed for different economic sectors, development dimensions or policy domains, and the type and level of details of the indicators vary accordingly.

Annex 12 Ideas for a simplified text on EPA provisions related to development strategies and processes for monitoring/benchmarking[81]

Rationale

A text establishing principles on indicators and development benchmarks which would be used to monitor progress of the EPAs, to be possibly introduced in a Chapter on Development. The text does not attempt to define indicators or benchmarks, a task which is too demanding and may not be feasible in a negotiating environment.

Two sets of principles and suggestions for implementation are incorporated in the text:

1st group of principles (Chapeaux and paragraph 1 in Box 1):

– Conceptualises links between trade and development, and points to sustainable development strategies that trade rules should support (not hindering their implementation by means of reducing policy spaces)

2nd group of principles (Paragraph 2 in Box 1):

– Establishes the agreed need for "monitoring" in the three dimensions (market access, supply side active policies / policy spaces, development resources: A4T*)[82]

3rd suggestions for implementation (Paragraph 3 in Box 1):

– Independent agencies prepare proposals to be brought to a "joint body", thus avoiding entanglements in technical issues on indicators and benchmarks.

81 This non-paper is the result of a consultative process on the need for a development monitoring of EPA and was compiled in April 2007 with the support of APRODEV and ICTSD. Its substance was also captured in a Note by the ACP Secretariat (2007).

82 Related to Additional Resources for Development Support, two ideas are mainstreamed: a) No trade-offs between policy spaces and additional resources should be requested from developing countries; and b) additional funds to be contributed by the EU relate to overcoming supply side constraints and finance adjustment costs. They must be distinguished from EDF.

Principles in EPA text

A text introducing principles on making trade rules supportive of development strategies, and monitoring progress of the EPAs based on development benchmarks.

The parties recognise the positive role that the implementation of trade disciplines and measures in this agreement may play in supporting the ESA countries to achieve their sustainable development goals. Among the goals considered are those related to overcoming supply-side constraints and improving competitiveness; fostering equity and poverty reduction; ensuring environmental sustainability; and enhancing the participation of society at large in trade and development policy decisions.

Therefore, the parties commit themselves to:

1. *Apply all trade-related rules and disciplines in the agreement in a manner that enables (83) and supports* the implementation of strategies and policies by ESA countries aiming at sustainable development objectives, such as: a) fostering innovation systems and developing domestic capabilities at regional, national and sub-national levels, to adapt, create and incorporate technological improvements[84]; b) creating and consolidating linkages between ESA exporting sectors and SME in the rest of the countries' economies; c) making competitiveness policies responsive to the need of environmental sustainability and fostering the sustainable use of biodiversity in ESA countries' exports; d) promoting and strengthening networks of micro-enterprises, informal economic actors and social actors in general (social capital) to help create opportunities and facilitate benefits generated by market reforms and trade liberalisation, ensuring that they reach the poor; e) enhancing human capital (education and health); f) ensuring the reduction of gender disparities and promoting equal opportunities for women and men to benefit from employment and trading opportunities; and g) ensuring

[83] The concept of policy spaces, i.e. flexibilities in trade rules allowing for the implementation of these policies, is implicit in the text "*in a manner that enables and supports the implementation…*"

[84] Innovation systems and technological improvements should be subject to tight regulations of good standards of bio-safety regulations.

effective participation of multiple stakeholders in policy formulation and in monitoring the attainment of development objectives;

2. *Jointly monitor progress in the implementation of the agreement and in the attainment of development objectives that may derive from it.* On the basis of the monitoring process, the parties also agree to periodically review the results and produce recommendations for adjustments that would eventually help optimise the development outcomes. The monitoring and reviews will also cover the implementation of the trade-supported strategies that the agreement would sustain (see paragraph 1), and will be based on qualitative as well as quantitative indicators and benchmarks that will be related to three categories: a) Effective enhancement by the EU of market access and fair treatment for ESA countries' exports; b) overcoming capability constraints and improving competitiveness of ESA's production sectors, including through the implementation of supply-side development policies which would eventually need flexibilities in trade rules; and c) EU contribution of additional resources for development, distinct from existing EDF, to facilitate institutional adjustments required for compliance with the EPA, as well as the implementation of supply-side policies that would be supported by the agreement (see paragraph 1); and

3. *Agree on the benchmarks, indicators and detailed methodologies to be used in the monitoring and review processes within a period of NN days after having signed the agreement, and initiate the corresponding processes immediately after*. To this end, an advisory group integrated by trade and development experts from independent organisations (e.g. UN-ECA; UNCTAD; WB; OECD; UNDP) will be commissioned with the preparation of a detailed proposal on benchmarks, indicators and procedures for the monitoring and review processes, which will be brought to the consideration of (a joint body of) the parties within a period of XX days after having signed the Agreement.

Annex 13 Benchmarking for pro-development monitoring of the negotiation and implementation of an ESA-EU EPA – Tanzania's experience

Presented at the ECDPM-CUTS-FES workshop in Nairobi on 23-24 April 2007, by Agnes G. Mwakaje, Institute of Resource Assessment, University of Dar Es Salaam, Tanzania

Introduction

Tanzania belongs to the SADC region of EU-ACP negotiations. Issues already agreed in principal during the meeting of SADC-EPA states ministers of trade held in Gaborone on 29 March 2004. The ministers agreed on institutional mechanisms for negotiations and appointed coordinators for the negotiations on different subjects under EU-SADC EPA negotiations. Members states agreed in the light of the EPA process, which needs expertise, consistency and well coordinated mechanisms to establish a three tier structure incorporating

- the National EPA Technical Team (NETT),
- the senior officials at permanent secretariat and ambassador level and,
- the ministerial level.

Seven major subjects were agreed for SADC-EPA negotiations and were divided among member states to lead negotiations. Tanzania was given three subjects, namely trade in services, investment and competition policy (see Annex 3); Angola (agriculture and fisheries); Botswana (standards); Lesotho (database, rules of origin, legal provisions, institutional arrangements; Mozambique (non agricultural market access and fisheries-industrial aspects); Namibia (trade facilitation and development cooperation); and Swaziland (trade issues).

Experiences of Tanzanian in the process of coming up with development benchmarks for monitoring EPAs

The process of developing benchmarks was started by the two-day workshop organised by DIE (German Development Institute) and FES (Tanzania). Day one of the workshop was a presentation by DIE staff. Two issues were presented under monitoring of economic partnership agreements, as follows:

- Methodological challenges and approaches

– Issues and questions

a. Methodological challenges and approaches

Here the issue was what approaches should be used in developing benchmarks for monitoring EPAs.

– Quantitative/qualitative,
– Participatory (subjective)/hard data (objective),
– Mixed approaches/triangulation,
– Uniform across countries/individual and /or in-depth.

b. Methodological approaches employed for monitoring

It was stated that, with few exceptions, all monitoring approaches use a form of causal chain analysis CCA (also: impact chain analysis) CCA, sometimes considered part of a logical framework.

Other methods such as most significant change are mainly employed for ex post evaluation of projects on local/regional level

Benchmarks development for Tanzania's EPA negotiations

Benchmarks for Tanzania's economy were based on three major economic sectors:

– Agriculture,
– Industry and
– Natural resources (tourism and fish industry).

a. Agriculture

Tanzania is one of the least developed countries (LDCs). The country has a per capita GDP of $ 210. The Tanzanian economy depends on agriculture, which accounts for over 50% of its GDP. The sector provides 75% of exports and employs about 85% of the total work force. Tanzania's GDP growth rate, currently at 4.9%, has averaged 3.5% for the past four decades, with population growing at an average of 3% per year, consequently registering a per capita increase of 0.7%.

Agriculture is the main source of food supply and raw materials for the industrial sector, as well as the major market for industrial goods and services. The sector produces and exports value added products such as textiles, processed coffee and tea, sisal ropes, paper and chemical products. Cash crops,

including coffee, tea, cotton, cashew, sisal, cloves, and pyrethrum, account for the vast majority of export earnings. The volume of all major crops - both cash and goods, which have been marketed through official channels - have increased over the past few years, but large amounts of produce never reach the market. Poor pricing and unreliable cash flow to farmers continue to frustrate the agricultural sector.

b. Manufacturing industry

The manufacturing industry is a very important sector in the economy. In Tanzania, domestic manufactures substitute imported goods and in turn save foreign exchange that would otherwise have been used to import the same. More important, industrial sector employment accounts for about 18% of total wage employment and remains the largest single source of urban employment in the country. The sector also facilitates the development of other sectors of the economy through supply and demand relationships.

During the period between 1991 and 1995, industrial production growth rates averaged 1.0% per annum. However, industrial production started to pick-up in the period between 1996 and 1999, where growth rates averaged 5.3% per annum. The GDP contribution of the manufacturing sector, however, declined from 8.7% in 1991 to only 8.3% in 1999, mainly because of unstable power supply and economic liberalisation measures, notably the restructuring of the parastatal sector, implemented by the Parastatals Sector Reform Commission (PSRC). This move greatly enhanced private sector investment and participation. Notable improvements were recorded in the production of beer, wheat flour, pyrethrum extract, cement, aluminium products and dry cells. Total manufacturing production in 1999 increased by 16.5%. However, low production was recorded in biscuits, konyagi, cigarettes, sisal twine and ropes, fishnets, petroleum products and dry cells, due to shortage of working capital.

Foreign exchange shortages and mismanagement continue to deprive factories of much-needed spare parts and have reduced factory capacity to less than 30%.

c. Fishing

Tanzania's potential fish resources are promising in both marine and freshwater fishing as well as in aquaculture. Tanzania is endowed with natural water bodies located on every side of the country's borders. In the north is Lake Victoria, the largest in Africa (51%). Nile perch (sangara) has been very popular for fish fillets currently exported to the EU member countries and

other markets. The export of fish fillets has significantly boosted Tanzania's exports to overseas markets. In 1999 fish fillets accounted for 9.6% of total export earnings. The Indian Ocean surrounds the country along the East Coast strip from north to south. Export of fishery products from the Indian Ocean has been increasing due to the increasing level of overseas investment.

The annual yield in fresh water fishing is about 307,105 metric tonnes, while that of coastal fisheries is around 51,669 metric tones. This figure excludes the Exclusive Economic Zone, which has substantial fish resources that are unexploited. The total potential yield is around 780,000 metric tones, and this clearly indicates that very little of the production potential is being exploited. The contribution of the fisheries sector to the economy must be seen in the provision of food, employment opportunities and foreign exchange earnings. The industry consists of artisanal fishermen deploying traditional methods, only 0.4% of whom are modern industrial/commercial fishermen or entrepreneurs. Fish products from both the inland water bodies and from the Indian Ocean accounted for 11.3% of total Tanzanian exports in 1999. On average, fishing contributed about 2.9% of GDP, and its performance in 1999 indicated growth of 3.1% per annum.

The meaning of development benchmarks of EPAs in the Tanzania context

The workshop started out with a brainstorming session on what benchmarks would be appropriate for monitoring EPAs. The poverty reduction strategy, widely known as Mkukuta, was used as the basis for these benchmarks for monitoring. MKUKUTA is a Kiswahili acronym for the National Strategy for Growth and Reduction of Poverty. This strategy is the development framework for the current five year phase (2005-2010). It forms part of Tanzania's efforts to deliver on its national Vision 2025 and the MDGs. The overall agenda of Mkukuta is to reduce income and non-income poverty. The focus is outcome oriented and organised around three clusters:

Cluster 1: Growth and reduction of income poverty

Cluster 2: Improved quality of life and social well-being and

Cluster 3: Governance and accountability

The Poverty Reduction Strategy Paper provides a coherent framework for Tanzania's poverty reduction efforts. It provides an opportunity to adopt a more systematic approach to monitoring and evaluating the impact of Tanzania's fight against poverty. This approach will help to ensure that the

targets set in the strategy are met and that progress is made towards the ambitious goals of the National Poverty Eradication Strategy.

Indicators for measuring the development objectives effect of EPAs

Agriculture

- Agriculture value added per worker
- Cereal yield
- Growth in agricultural value added
- Agricultural policy costs index
- Crop production index
- Livestock production index
- Volume of exports
- Volume of imports
- Intervention considered: goods trade (Tariffs Rules of Origin TBT)

Reduction and elimination of tariffs and NTBs in Tanzania will lead to larger intra-export (regionally) increases than exports to the rest of the world. Agriculture intra-imports and non-agricultural intra-imports will increase. In Tanzania this will mean change in production patterns which may lead to negative production but may have positive consumption impacts.

Reduction and elimination of tariffs and NTBs in other member countries, e.g. EAC or SADC, will have positive impacts on agricultural and non-agricultural intra-exports. Within the region this will mean increased agricultural GDP, production and change in trade patterns.

This outcome will enhance integration of trade in the SADC/EAC economy. This will also mean enhanced international integration and enhanced economic growth. Overall, this may lead to improved living standards.

On the other hand, reduction and elimination tariffs and NTBs may lead to less tariff revenue, reduced government budget income and affect the country's GDP. Again, there may be reductions in production that may further affect the economy of Tanzania.

Fish Industry

One intervention considered for the fish industry was Aid for Trade and this may result in:

- Increased support for hygiene standards,
- Regional trade integration
- Expand fish markets in the region
- Easy access to EU markets

Possible quantitative impact indicators for the fish industry

A. Positive impacts

i. Job creation indicators

- Number of fishermen employed in the fishing sector

ii. Commercial fishing indicators

- Number of fishing ships and processing factories
- Data on fishing capacities
- Trade volumes overall (locally, regionally and EU)

iii. Increased support for hygiene standards - indicators

- Expenses in investment, capacity building
- Share of fish export rejected
- Number of fish in metric tones per year in commercial fishing

B. Negative impacts

i Loss of subsistence livelihoods - indicators

- Number of subsistence fishermen over time - MNRT
- Statistics on traditional fishing boats - MNRT, LG
- Change of eating habits - level of protein in diets (surveys)

ii. Overfishing indicators

- Annual fishing statistics by MNRT, LG
- Number of subsistence fishermen over time - MNRT
- Statistics on traditional fishing boats - MNRT, LG

C. Some proposed measures for negative impacts

i. Over exportation

- Adopt quota system per country/region
- Import checks from EU points,

ii. Loss of subsistence livelihoods
  - Increase fish farming

Other Factors with similar impacts
  - Demand from outside the EU
  - Population increase (overexploitation)
  - Increased demand locally (overexploitation - reduced export),
  - Disease outbreaks (human, animals)
  - Social, political instability

Manufacturing Industry: Benchmarks for Monitoring indicators

Growth in company sales overtime, Proportion of growth of large firms over time, Change of technology in manufacturing over time, Growth of export manufacturing, Ratio of export to production, Export of primary goods, Consumption of local goods, FDI, Labour productivity, Industry productivity.

Progress in the process of developing benchmarks and a process for monitoring EPAs

Comparative benchmarking is the main tool used to evaluate each indicator. The analysis draws on several criteria rather than using a single mechanical rule. The starting point is a comparison of performance in Tanzania itself, Tanzania relative to the region, i.e. SADC/EAC. For added perspective, two other comparisons are examined: (1) Sub-Saharan Africa and the global average.

Challenges in the process that countries and stakeholders need to be aware of in the process.

For the case of Tanzania

- Tanzania falls under SADC and East Africa. It is not clear how the agreements of Kenya and Uganda in COMESA will affect Tanzania's negotiations in the SADC region.
- It is unclear to what extent the EPA negotiations will address the PSRP/Mkukuta goals.

Generally

- The potential trade creation and trade diversion effects from the EPA negotiations.
- Capacity to develop and monitor benchmark indicators
- Revenue implications of the EPA

EPA is likely to lead to significant revenue losses for most of the ACP countries, and particularly for the SADC countries, for which trade revenues constitute a significant proportion of total revenue. In the ECOWAS region, it is only Nigeria that recorded increased import tariff revenue, while many other lost (ibid.)

Conclusion

It is very likely that there will be more loss of import revenue for many ACP countries, and these should therefore be clearly explained in the monitoring process.

Survival of the sub-regional economy under the EPA requires purposeful adjustment in the main productive sectors of the economies.

Capacity to implement EPA benchmarks for monitoring indicators will be a challenge for many ACP countries.

How these impacts could be minimised and how the issue of capacity building should be addressed should clearly be an important goal of the EPA negotiations on benchmark development and monitoring.

Towards a Monitoring System for the ACP-EU Economic Partnership Agreements (EPAs): A joint project by the German Development Institute (DIE) and the European Centre for Development Policy Management (ECDPM)

The German Development Institute (DIE) and the European Centre for Development Policy Management (ECDPM) will jointly elaborate options to monitor the implementation and impacts of EPAs, in a project partly funded by the German Federal Ministry for Economic Cooperation and Development (BMZ). More specifically, the project aims at:

- developing a flexible set of methods to monitor the implementation of EPAs and the impacts of key policies and measures related to EPAs with regards to development goals
- identifying other key factors that will affect the achievement of the EPA objectives and
- exploring options for the procedural integration of an EPA-monitoring system in the EPA implementation process (design, implementation, analysis and use).

The project will adopt a highly participatory approach, encouraging various ACP and EU stakeholders (negotiators, officials, policy makers, experts, and civil society and private sector actors) to provide input into this project. In a pilot phase, national participatory workshops will also be organised with potential users of the monitoring system in Southern and Eastern Africa. The objectives are to identify the key policies and sectors to be monitored and to help develop appropriate mechanisms to assess the implementation and impact of EPA provisions. This will include the identification of an appropriate monitoring process, causal links, indicators as well as sources of data and information.

If you would like to share your views on possible monitoring systems for EPAs, or if you wish more information on this joint DIE-ECDPM project, please contact:

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