

Summary Report

on the consultative workshop on  
A Monitoring Process for the implementation of Economic  
Partnership Agreements (EPAs)  
What Recommendations for a way forward?

14 June 2007, Brussels  
Sofitel Hotel

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Following up on the consultation in February 2007 the European Centre for Development Policy Management (ECDPM) and the German Development Institute (DIE) organised a half day follow up workshop on Monitoring Economic Partnership Agreements (EPAs) in Brussels.

The purpose of the workshop was to elaborate on 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.

### 1. 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 summarising key elements of the background paper circulated for this workshop<sup>1</sup>, participants discussed whether and how different aspects of monitoring should be contractualised.

There was a general disagreement between 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 the need for concrete provisions in the EPA text to ensure that monitoring becomes operational and serves the need by all concerned stakeholders on the other. Thus, while some felt that it would be best to keep monitoring related provisions rather general to allow for flexibility due to country specific needs and changing conditions<sup>2</sup> others wanted to have concrete provisions in the agreement that build the exact framework for monitoring EPAs.

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<sup>1</sup> The background note is available at [www.ecdpm.org/trade/epamonitoring](http://www.ecdpm.org/trade/epamonitoring).

<sup>2</sup> Specific conditions and needs may change in terms of the evolution of economic and social situations as result of EPA implementation as well as in terms of institutional settings, for instance in the relationship and respective roles of the Regional Economic Communities and the African Union (AU) institutions.

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 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 the implementation, which should be mentioned in the legal text. There was however a key disagreement on whether to include concrete indicators into the EPA legal text.

Most representatives from European Union (EU) member states and the European Commission (EC) refused 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 the contractualisation of indicators would not allow for the required flexibility.

Some Non Governmental Organisations (NGOs) and African, Caribbean, Pacific (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 of the agreements (as it is proposed in the EPA text drafted by the Eastern and Southern Africa (ESA) region<sup>3</sup>). These can be either agreed on before hand, or by having 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 a 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 EPA region a Joint EPA Council at ministerial level, with different sub committees, namely a Trade Committee, a Development, 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 Joint Parliamentary Assembly (JPA) or the Joint ACP-EC Ministerial Trade Committee (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

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<sup>3</sup> According to article 19 of the EPA text proposed by the ESA region, the ESA-EU EPA Council shall every 5 years undertake 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 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 Cotonou Partnership agreement (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 definite timeframe oblige the contracting parties to perform in order to address the problems has to be defined in the annex of the agreement.

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 competencies. 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 (NSA) must be involved in the monitoring. There was disagreement, however, on exactly how to capture this in an EPA legal text. It was highlighted that simply referring to the need for consultation could be not enough. In the case of EPA negotiations, despite all parties committed to involve NSA on a regular basis and repeatedly emphasised the importance of such involvement, in many countries the lack of participation of NSA in EPA negotiations have 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 such dimension goes 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 operationalisation 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 '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.<sup>4</sup>

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

## 2. Process to make EPA monitoring operational

The purpose of the second session was to start identifying first steps that will induce a process towards 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 experts. Monitoring results might be biased as some actors are better organised while others like farmer organisation 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 the flexibility for others to jump in for certain sectors (e.g. farmers when 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

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<sup>4</sup> It was also highlighted that different kind of responses 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.

depend on sectors and areas selected. However the “result chain analysis” may be a useful methodology according to the input – output – outcome – impact chain.<sup>5</sup> When identifying this result chain for key sectors it has to be kept in mind, that the further one goes down on result 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 through consultation of stakeholders at the beginning of the monitoring process. Assistance might be needed for timely collection and processing of data.

In the following discussion the proposed steps were generally accepted. It was highlighted 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 emphasised that it may be necessary to establish a complaint mechanism to cover unexpected effects as result chain analysis can only cover expected results. More in general it was stressed that incentives are needed to get stakeholders seriously involved and major incentives would be the transparency of results and to equip the monitoring mechanism with teeth (enforcement power).

Being asked about feasibility of result chain analysis in ACP countries it was noted that monitoring will most probably depend on resources made available 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 through strengthening of existing monitoring systems.<sup>6</sup> 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 of and generating 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 World Trade Organisation (WTO) obligations) policy reforms have to be monitored too. This will give hints on causal relations of the observed results that are not induced by EPA and related measures.

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

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<sup>5</sup> A result chains describes the EPA-induced policy changes and the most important accompanying measures and go 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 result chain to measure progress towards goals.

<sup>6</sup> 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>)

## Conclusion

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

However, participants came up with 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 into the EPA legal text. Moreover the need for capacity building for monitoring and to establish synergies with existing similar in-country processes as well as the importance of the response dimension of monitoring were also shared by all participants.

ECDPM and DIE are currently finalising broad consultations with stakeholders and the preparation of a study exploring the various issues surrounding the debate on a monitoring mechanism for EPAs. As part of this work, ECDPM and DIE will further elaborate on concrete recommendations on what to include in a legal EPA text as well as concrete steps to take in order to ensure the timely establishment of an effective monitoring mechanism for EPAs.

To share views on possible monitoring systems for EPAs and for more information on this joint ECDPM-DIE project, please visit [www.ecdpm.org/trade/epamonitoring](http://www.ecdpm.org/trade/epamonitoring) or contact:

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