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Review of the COMESA Aid for Trade Strategy

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A first draft was produced at the end of August 2011 and was used as the basis for consultation at a regional workshop on 15 September 2011 in Lusaka. Following the workshop, the report was revised and presented to the COMESA Policy Organs Meetings in October 2011. This Final Draft updates the report with some minor revisions made following the October meetings. The authors would like to acknowledge the support given to the review by staff of COMESA Secretariat including Secretary General Ngwenya, and most notably by Hope Situmbeko, Ethel Mwale and Choolwe Muzyamba in the COMAid Unit. The authors furthermore thank all people consulted for this study (to complement the desk work) for their most useful input. Thanks are also due to the representatives of COMESA member states who participated in the September workshop and to the WTO Secretariat and EIF Executive Secretariat for their comments.

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¹ ECDPM is an independent foundation based in the Netherlands. Its aims are to enhance the capacity of public and private actors in ACP and other low-income countries; and to improve cooperation between development partners in Europe and the ACP Region. For more information visit <http://www.ecdpm.org>

Acronyms

AfT	Aid for Trade
ACP	African Caribbean Pacific Group of States
AMPRIP	Agriculture Marketing Promotion and Regional Integration Project
ACTESA	Alliance for Commodity Trade in Eastern and Southern Africa
ASYCUDA	Automated System for Customs Data
CAF	COMESA Adjustment Facility
CIDA	Canadian International Development Agency
CIF	COMESA Infrastructure Fund
CRETIP	COMESA Regional Economic and Trade Integration Programme
COMAid	COMESA Aid for Trade Unit
COMESA	Common Market for Eastern and Southern Africa
DAC	Development Assistance Committee
DBSA	Development Bank of South Africa
DfID	Department for International Development
DRC	Democratic Republic of Congo
EAC	East African Community
ECDPM	European Centre for Development Policy Management
EDF	European Development Fund
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EU	European Union
FEMCOM	Federation of Associations of women in Business in Eastern and Southern Africa
GIS	Geographic Information System
IDA	International Development Association
IOC	Indian Ocean Commission
JICA	Japan International Cooperation Agency
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MTSP	Medium Term Strategic Plan
NSC	North-South Corridor
OECD	Organisation for Economic Co-operation and Development
PACT	Programme for Building African Capacity for Trade
PAPED	Economic Partnership Agreement Development Programme
PPU	Project Preparation Unit
REC	Regional Economic Communities
RIIP	Regional Integration Implementation Programme
RISM	Regional Integration Support Mechanism
RISP	Regional Integration Support Programme
SADC	Southern African Development Community
SPS	Sanitary and Phytosanitary
USAID	United States Agency for International Development
UNECA	United Nations Economic Commission for Africa
WTO	World Trade Organisation
TMSA	TradeMark Southern Africa
ZTK	Zambia/Tanzania/Kenya

Executive Summary

- AFT to the COMESA region is growing, according to the OECD's donor reporting system. The wide scope of Aft as a relatively new and overarching category of aid masks the fact that much of this aid is going to traditional areas such as agriculture, transport infrastructure, energy and productive sectors. Aft delivered at the regional level (including, though by no means limited to, programmes delivered through the COMESA secretariat) is growing at a faster pace than Aft more generally, representing around 10 per cent of all Aft to Africa in 2009. Thus it seems that Aft will continue to be relevant as an aid 'agenda' going forward.
- The COMESA Aid for Trade Strategy outlines an approach to Aft rather than a 'shopping list' of projects. The main value added of the document lies in its regionally-endorsed commitment to a particular approach to Aft and a limited set of specific, achievable goals. It is also intended to help with coordination at various levels – at the regional level (e.g. between COMESA-level programmes), between COMESA secretariat and its member state, and with donors.
- In terms of the specific objectives of the strategy, there has been some progress in the last few years on its goals. Firstly, there has been some progress on developing integrated packages of support (e.g. along trade infrastructure corridors), in particular along the North-South Corridor but also along other corridors. Secondly, there has been progress in creating programmes to assist countries to adjust to trade liberalisation – most notably the RISM that is channelled through the Adjustment Facility of the COMESA fund – although the struggle to find the most effective formula for such programmes has meant that impact so far has been limited.
- In terms of the coordination of efforts there has also been some progress, with the 'corridor approach' better understood and mainstreamed within COMESA secretariat for example and accepted at the national level. Donors also see value in an Aft strategy that helps them to guide their approach.
- The existence of a regionally-owned Aft strategy has contributed to this progress (without necessarily driving it), but much more work still needs to be done to implement programmes more effectively. Some stakeholders believe that COMESA could take an even stronger role in outlining an overall vision and coordinating efforts behind it and ensuring coherence at all levels. While the strategy outlines specific goals, it says relatively little about the various responsibilities – for example the division of labour between COMESA Secretariat, member states and technical agencies – for implementation. Original plans to resource implementation of the strategy with additional staff dedicated to Aft programmes within the COMAid has not been met.
- Implementation of Aft programmes is the key challenge for the coming years, although not the only one. While the strategy should not become a detailed programming document, it could better define how implementation is expected to occur. Any strategy going forward will also need to adapt to a changing context for regional integration, including developments in the Tripartite process and at the continental level, and progress in regional integration more generally. The development of Aft strategies and future regional plans by SADC and EAC (as well as COMESA itself) represent a chance to continually strengthen coherence between the three communities.
- On the basis of the findings of the review, we make a number of recommendations for consideration by COMESA. These are (in short form) as follows:

- **(Key) Recommendation 1:** *A revision to the COMESA AfT Strategy would be valuable at this stage.*

In terms of the process for any revision:

- **Recommendation 2:** *The process for any attempted revision of the AfT strategy should be a relatively quick and straightforward exercise.*
- **Recommendation 3:** *The revised strategy should continue to outline an approach to AfT and objectives that are realistic and achievable – as such its key principles and overall methodology should largely be retained.*
- **Recommendation 4:** *With regard to a timeframe for the revised strategy, the link with the COMESA MTSP justifies a revised AfT strategy covering a four-year period running from 2012 to 2015.*

In terms of **specific issues** to be considered for updating the Aid for Trade strategy:

- **Recommendation 5:** *The primary focus of the strategy going forward should be on supporting the implementation of AfT projects at the regional level and national level.*
- **Recommendation 6:** *At the regional level, the AfT strategy should continue to closely be aligned with and feed into a COMESA MTSP that itself prioritises regional integration.*
- **Recommendation 7:** *The revised strategy should address in greater detail the need for coherent approach between the regional and national processes and how to achieve this.*
- **Recommendation 8:** *Coherence and best-practice sharing should also be encouraged at the COMESA-EAC-SADC Tripartite level.*
- **Recommendation 9:** *Evaluation and monitoring of AfT should be incorporated within broader COMESA M&E systems that are currently under development.*
- **Recommendation 10:** *Beyond issues listed above, a range of linked AfT-related concerns should also continue to be reflected in the strategy and form part of an integrated approach. (Specific sub-recommendations are made here)*
- **Recommendation 11:** *In terms of the institutional structure that can best support improved AfT, consideration should be given to increasing the resources available to the COMAid unit at COMESA.*

1. Introduction: Context of the COMESA AfT Strategy and Background to the Review

The COMESA Aid for Trade (AfT) Strategy was developed following the Tripartite Summit of September 2008² and was formally adopted by the region at the COMESA Council meeting of June 2009. Most of the work of preparing the strategy was carried out by the newly-established Aid for Trade Unit of the COMESA Secretariat over a relatively short period of time. However a round of comments from member states were incorporated after a draft of the strategy was presented to them in December 2008. In endorsing the strategy, the Council noted:

‘... that the Secretariat reviewed the AfT strategy addressing concerns raised by the Council [when the strategy was presented in December 2008] which referred to the need to extend the strategy to other corridors. It also includes an introductory text highlighting the principles that have guided the formulation of the strategy. The principles mainly include the need to ensure that the strategy is results oriented and not a shopping list, focused, realistic and complimentary to national AfT strategies. The strategy is therefore a dynamic document that will roll over. It will not only provide a basis for resource mobilization but aims to improve the effective and efficient utilization of existing resources. The strategy has also been updated to reflect the outcome of the NSC conference held in April 2009.’³

From the outset, it is important to note that the purpose for developing the strategy appears to have consisted of a variety of motivations. On a broad level, the strategy was framed as a **regional response** to the growing attention to AfT⁴ at the multilateral and national level, including commitments contained in the Hong Kong WTO Ministerial Declaration in 2005; there was later recognition of the potential usefulness of regional approaches to AfT⁵. As such the strategy served to express the COMESA region’s own priorities and goals for AfT as well as **demonstrating to donors** the value placed by the COMESA region on attracting increased AfT and using it effectively, at a time when the initiative was fairly new. At the same time, the strategy was also conceived as **an internal document** to inform and guide the more general work of the COMESA Secretariat on regional integration and **increase collaboration** between divisions, with AfT recognised within the organisation as a cross-cutting issue that touches upon the work of all. Another motivation for the strategy was to seek to improve coordination between the **national and regional level**. Finally the strategy also reflects its origins within early efforts to build the ‘Tripartite’ approach, for example in the strategy’s emphasis on trade corridors, which is also a prominent feature of the **Tripartite initiative**.

The strategy itself was designed intentionally as a fairly short, accessible and focused document, comprising only 2½ pages without the accompanying results matrix (see Annex 1). It is based on a number of key principles that are elaborated in the document, including being results-oriented and focused on specific, achievable interventions where a regional approach can add value to national efforts. The strategy details an overall objective and specific objectives and a set of expected results for each – these are outlined in Table 1 below.

² The strategy was originally conceived to be a Tripartite Strategy, but was later reformulated to be a COMESA strategy which also covered Tripartite activities. The implications are discussed in more detail below.

³ Final Report of the 26th COMESA Council, June 2009

⁴ More information on AfT can be found at: www.wto.org/english/tratop_e/devel_e/a4t_e/aidfortrade_e.htm

⁵ WTO/OECD (2009) ‘Aid for Trade at a Glance’ monitoring report emphasised the regional dimension of AfT, including in particular the need for ‘better coordination at the regional level’ and ‘strengthening of human and institutional capacities’. The EU also highlighted the idea of ‘regional AfT packages’ in the context of the Economic Partnership Agreement (EPA) negotiations.

Efforts have also been made to ensure that the objectives are aligned to the broader COMESA Medium Term Strategic Plan (MTSP), while the strategy also tasks a dedicated unit of the COMESA Secretariat – the COMAid unit – to coordinate AfT efforts at the regional level. A final key feature of the strategy is that it is intended as ‘a dynamic instrument’ – with the current strategy running from 2009-10 – and that implementation is monitored and reviewed regularly so that it can be adapted in light of progress achieved and the changing environment.

Table 1.1: Summary of the COMESA AfT Strategy Objectives and Expected Results Framework

Overall Objective:	Within the overall framework of the COMESA-EAC-SADC Tripartite, to contribute to the impact, efficiency and effectiveness of COMESA member states' trade reforms and regional integration initiatives so that they can fully benefit from regional and international trade opportunities to reduce poverty and to achieve their (MDG) development objectives		
Specific Objective 1: The private sector of the COMESA member states reduces regional costs of doing business with and within the COMESA region through coherent packages of inter-related (i) investments in trade related infrastructures, (ii) trade development and trade facilitation instruments, and trade regulatory measures	Result 1.1: Processes and instruments are operational for coherence and complementarity between national and regional policies that mainstream trade as tool for development		
	Result 1.2: COMESA trade facilitation and trade regulatory instruments are enhanced and harmonised with SADC and EAC to more benefit private sector stakeholders		
	Result 1.3: Processes and instruments are operational for strategic and long term linkages between public sector and private sector, donors and investors in identifying, planning and costing packages of well-defined COMESA AfT projects and programmes along selected Trade Corridors		
	Result 1.4: Regionally owned instruments are operational to mobilise and implement support for the 'software' components of holistic projects and programmes along selected trade corridors: trade facilitation and regulatory measures		
	Result 1.5: Regionally owned instruments are operational to mobilise and implement support for the hardware components of holistic projects and programmes along selected trade corridors: infrastructure projects (transport, energy, telecoms)		
Specific Objective 2: COMESA Member states have access to mechanisms to address social and economic costs of trade and integration related adjustments	Result 2.1: Frameworks and capacities exist to assess the impact of trade and integration policies and the resulting adjustment needs		
	Result 2.2: Regionally and nationally owned instruments are operational to mobilise and deliver predictable, additional and accessible adjustment resources		

In this light, COMESA Secretariat commissioned ECDPM in mid-2011 to undertake a review of the strategy, in order to examine COMESA's efforts and challenges faced in achieving the objectives of the AfT agenda, and to make recommendations on steps to improve the success of AfT at the regional level. Given the nature of the strategy, the review is not necessarily intended to provide a formal evaluation of all the different AfT projects ongoing in the Secretariat or region, but instead to be a broad assessment of the extent to which the AfT strategy is being implemented, the usefulness and effectiveness of AfT and the strategy, and how both the strategy and COMESA's implementation efforts might be updated or amended

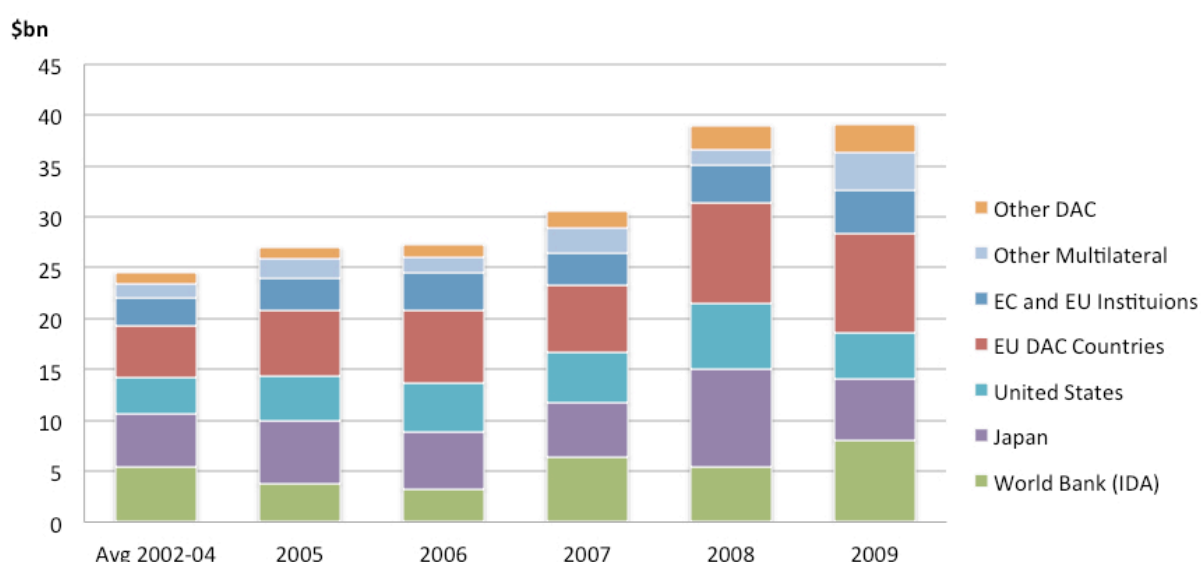
to ensure their continued usefulness and relevance. The review is structured as follows: Section 2 presents a broad perspective on recent trends and developments in AfT in the COMESA region, Section 3 provides a more detailed look at the AfT at the regional level and the strategy itself, Section 4 assesses prospects for the future and potential ideas for updating the strategy, and Section 5 draws conclusions and gives recommendations for the strategy going forwards.

2. The Broad Perspective – Recent Trends and Developments in Aid for Trade in the COMESA Region

While the COMESA AfT Strategy contains only limited references to ‘mobilising additional resources’ and increasing the level of AfT assistance amongst its objectives, it is fairly implicit that this is an important goal of the wider AfT agenda upon which the strategy is based – i.e. that in order to benefit from increased market opportunities and integrate into the global economy, developing countries will need assistance in the form of AfT to support trade reforms and develop their economies. This brief section therefore aims to provide a summary assessment of trends and developments in the evolution of AfT flows to the COMESA region in recent years – both in quantitative and qualitative terms – including: overall levels of AfT to COMESA and its distribution amongst member states and sectors, regional-level AfT, and results so far.

With regard to overall AfT flows, statistics from the OECD DAC database present a positive picture: fig 2.1 shows that levels of AfT have grown substantially in the period from 2005 (when the AfT initiative started) to 2009 (the latest year of available data). It is important to bear in mind that the OECD figures have some limitations as a guide to AfT flows, since they cover OECD donors only and are based on reporting by those donors themselves, which may not match what recipients consider as AfT. Nevertheless the figures seem to suggest that there has been a rising trend in the overall availability of AfT in recent years, which is in line with donors’ statements and policies to scale up their commitments to support AfT.

Fig.2.1: AfT Flows to All Developing Countries by Donor, 2002-09



Source: OECD DAC database

Note: Commitments in constant US\$

Fig 2.2 shows that this global trend would appear to be replicated at the level of COMESA member states: donor-reported AfT commitments to the 19 countries have risen around 60 per cent from US\$3.1bn in 2005, to \$5.4bn in 2009.

Fig 2.2: AfT to COMESA Countries 2002-09

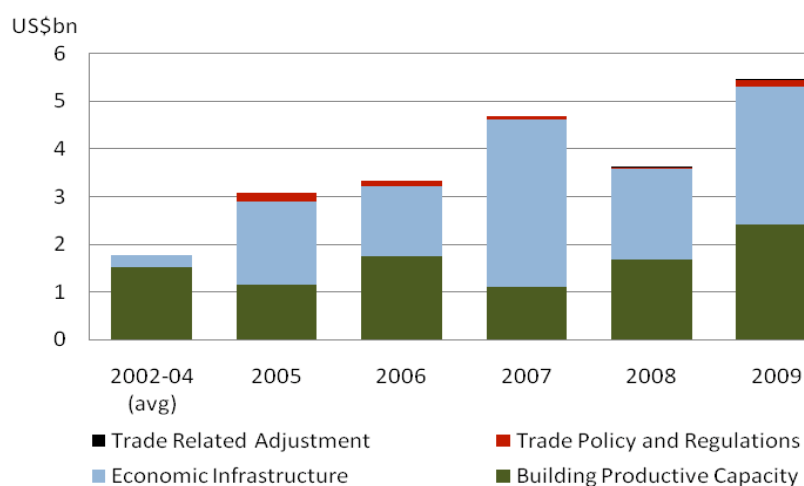


Fig 2.3: Breakdown of AfT to COMESA by Subcategory

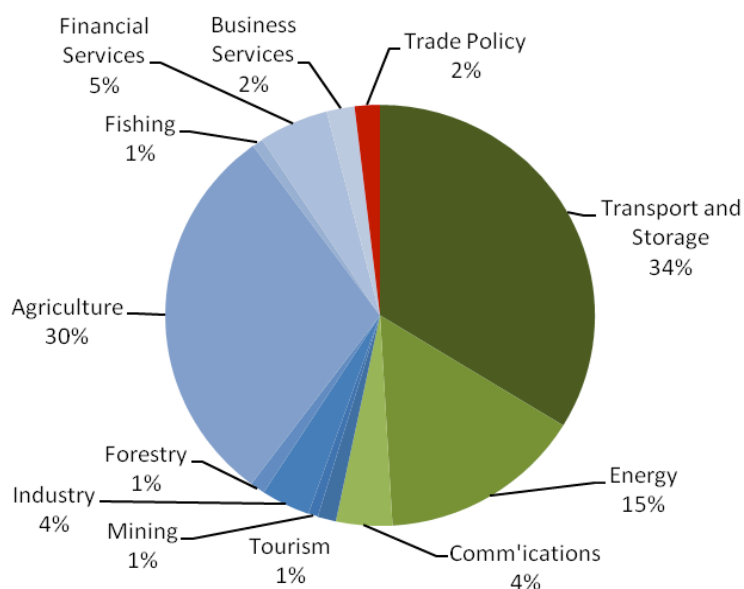
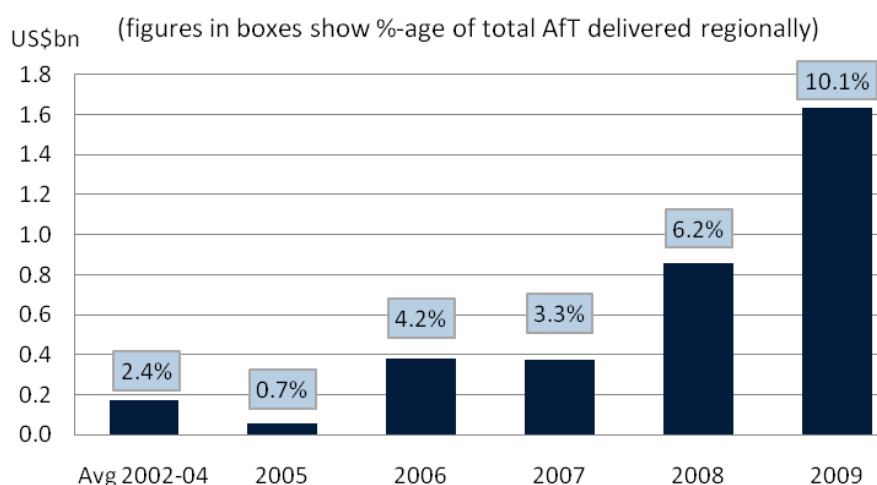


Fig 2.4: Regional AfT in Africa is Growing

As fig 2.2 shows, the vast majority of aid for trade to COMESA has tended to go towards the two broad categories of 'Economic Infrastructure' and 'Building Productive Capacity'. However such categories of AfT tend, at least at an aggregate level, to be somewhat vague or meaningless for policymakers in recipient countries who may be unfamiliar with donor reporting systems, leading to questions and ongoing confusion about what AfT actually represents in practical terms. Hence fig. 2.3 instead details subcategories of AfT, and shows that most AfT is distributed to 'Transport and Storage' (which includes roads and railways) and 'Agriculture': together these two subcategories account for almost two thirds of AfT to COMESA countries within the OECD figures.

Finally, fig 2.4 shows that AfT being delivered at a regional level in Africa has more than quadrupled in terms of overall resources available – and tripled as a share of total AfT delivered - in even just the three years from 2007 to 2009. Figures here may be exaggerated as reporting on aid destined for regional programmes may have improved recently – however they also fit in with a perceived increase in emphasis and activity on the part of donors to allocate resources to regional programmes⁶.

3. The Regional Dimension of AfT: Progress So Far on the COMESA AfT Strategy

This section will seek to provide an assessment of whether 'the regional dimension' of AfT is working in COMESA: what has been achieved and what more can be done to improve effectiveness in this area. While this is a potentially wide-ranging area, the primary focus of the assessment will be on the specific objectives outlined in the COMESA AfT strategy, namely:

⁶ In overall terms, OECD reporting on AfT may however underestimate the volume of assistance provided by donors due to under-reporting of their activities, and the fact that non-OECD sources (i.e. Gulf countries, China, India) are not counted in the total.

- how much success has there been in developing coherent packages of inter-related investments, instruments and regulatory measures which allow the private sector to reduce the regional costs of doing business?
- how much success has there been in establishing mechanisms to address trade and integration-related adjustments, including social costs?

It is important to note that beyond the formal objectives and expected results, in terms of implementation of an AfT agenda, the COMESA strategy works on a number of levels. On one level the strategy seeks to provide an overarching mechanism to guide and support the development of AfT packages and ensuring that financing for them is secured, stating:

'[A]ctivities will as much as possible be undertaken through existing programmes (available resources); the programming, planning and implementation of these programmes will be improved through the AfT strategy to provide more efficiency and effectiveness. Resources gaps will be identified and prioritised and sequenced programmes developed in a holistic manner. This will form the basis for mobilisation of additional resources.'

In terms of implementation, it is worth noting that the strategy places a particular emphasis on trade corridors such as the North South Corridor (NSC) with the aim of expanding the NSC methodology to other corridors. On another level, beyond improving the planning of available resources and making aid decisions more efficient, the strategy is also intended to serve as 'an instrument [...] to develop effective, efficient and predictable regionally owned instruments for resource delivery' and mentions some instruments, such as Contribution Agreements and the COMESA Fund.

3.1. Progress on Developing Coherent Packages of Inter-related Investments, Instruments and Regulatory measures

In terms of the first objective of the strategy, it would appear that a great deal of progress has been made over the last few years on moving towards more coherent and integrated approaches to tackling the problems of high costs of trade in the COMESA region and beyond – albeit with much more still required on this front.

In terms of positive developments, most progress has been achieved on mainstreaming the concept of the 'transport corridor approach' that is emphasised in the strategy, which states specifically that its implementation:

'...draws on the approach used under the North-South Corridor AfT pilot programme which is being jointly developed under the COMESA-EAC-SADC Tripartite. [...] The proposal is to expand the NSC methodology to other 'corridors' e.g. Northern Corridors, IOC maritime trade corridors'

With regard to the North-South Corridor (NSC) itself, substantial progress has been made over the last few years on a number of fronts. Here, the first challenge was to understand and highlight the importance of taking a holistic 'corridor' approach to trade constraints and promoting integrated regional solutions (as opposed to the previous practice of piecemeal donor financing for individual projects, without necessarily having a strong overall picture and an agreed prioritisation). Thereafter, significant efforts were made to

secure political backing and donor financing for NSC projects and establish mechanisms such as the Tripartite Trust Fund which would play a role in overseeing and channelling resources to projects prepared by the region. Finally the focus of current work has been to prepare projects to a level that ensures they are sufficiently 'bankable' – which can vary by institution – to be approved by a financier and then go through various tender processes. While a number of projects are in this latter phase, one notable project that reached completion stage has been the Chirundu One-Stop Border Post. Box 3.1 below describes the developments in more detail while table 3.1 outlines the timing of specific milestones for the NSC over the last few years.

Box 3.1 The North South Corridor as a Key Regional AfT Project

The North South Corridor is a pilot Aid for Trade programme launched in the Tripartite context. The aim is to reduce costs of cross border trade by improving the state of physical infrastructure (roads, railway, energy) and the regulatory environment along the corridor and as such represents a comprehensive, novel way to promote trade and development. The NSC links Dar es Salaam in Tanzania via the Copper belt region of southern DRC and northern Zambia to the ports of Southern Africa, covering eight countries: Tanzania, DRC, Zambia, Malawi, Botswana, Zimbabwe, Mozambique and South Africa. While the NSC concept therefore covers transport infrastructure along routes between these countries, the NSC was also envisaged to address trade facilitation measures at the various borders and other impediments to trade within an interlinked holistic approach.

In April 2009, the Tripartite region organised an international conference on the NSC at which donors and international finance institutions pledged USD 1.2 billion for NSC projects. This included development partners such as DfID, EU, JICA, USAID and the World Bank. Funds are channelled through both national and regional programmes of bilateral and multilateral development partners. For the infrastructure component of the NSC, the Tripartite set up a specific catalytic grant fund in May 2010, which is so far sourced by €67 million from DfID. This Tripartite Trust Account is managed by the Development Bank of South Africa (DBSA) and serves to leverage funds from commercial and quasi commercial sources.

Since the launch of the initiative, significant progress has been made in reducing transport costs along the corridor. A database presenting the conditions of the NSC roads has been created and the data is presented online as a GIS (Geographic Information System) map for all interested stakeholders. Based on the initial roads assessment and prioritisation, NSC roads which cover 8,599 km in total have been upgraded, are in design or are at planning stages, with financing assured. The Chirundu one stop border post between Zambia and Zimbabwe has been completed which reduced crossing time from 3-5 days to same day clearance, while efforts to develop more one-stop border posts are ongoing. Another example is the web-based Non Trade Barriers Reporting, Monitoring and Elimination Mechanism that has been set up.

While still being work in progress, the NSC approach is considered by stakeholders to be a successful pilot Aid for Trade initiative so far, which deserves replication. Challenges are nevertheless identified, particularly due to the fact that the NSC is regional while many decisions and actions related to the NSC are to be taken at the national level. This brings challenges of coordination; information sharing and incompatible procedures. Amongst the challenges are also weak technical capacities in member states and REC Secretariats, leading to delays in project design and implementation.

Sources: TradeMark Southern Africa. 2011. *North-South Corridor Roads*. TMSA Case Study Series
TradeMark Southern Africa. 2011. *Chirundu Border Post*. TMSA Case Study Series

Table 3.1: Milestones on the North-South Corridor

May 2007	NSC concept (holistic, sequenced, Aid-for-Trade, integrated, transport solution) agreed by Tripartite Task Force
May 2008	Scoping study and projects presented to stake-holders in Pretoria, South Africa in the form of a GIS map
April 2009	High Level Conference in Lusaka – attended by 4 Presidents and most major donors and International Finance Institutions – and pledges of US\$1.2billion made specifically to NSC projects, plus other non-specific pledges
May 2010	Tripartite Trust Account established; a pipeline of projects prepared and projects prepared for submission to the fund manager of the Tripartite Trust Account; GIS map layered by corridor; roads categorised by condition/level of preparedness; one-stop border posts implemented; rail projects identified and private sector interest gauged; financing identified for the PPU to establish the Zambia/Tanzania/Kenya (ZTK) interconnector; and financing identified for the design of the Serenje-Nakonde road.
Feb 2011	<i>Following projects prepared for financing:</i> Kafue weighbridge, Chirundu approach Rds, Chirundu Rd (bottom of escarpment to border) <i>Projects completed or being implemented:</i> Chirundu border post (fibre optic links, bridge rehabilitation, fast-track booth, signage, partitioning, micro-wave link) <i>Projects under preparation:</i> tender documents prepared for Serenje-Nakonde Road; PIU design for ZTK completed and discussions with CEC started; Work on TAZARA strategy/business plan started Road projects for Zimbabwe, Malawi & Botswana being submitted

Source: Trade Mark Southern Africa 'North-South Corridor: Progress Made', Presentation to North-South Corridor Capacity Building Training Workshop, 29 March 2011

With regard to other corridors, some progress is being made on these too. This is especially important for COMESA as some of the corridors cover countries – such as Uganda, Kenya, Ethiopia, Djibouti and Sudan and the island countries – that do not stand to benefit directly from the NSC. Although progress on these corridors has been slow when compared to the NSC, this has been attributed in part to the fact that the initial success of the latter in attracting donor funding (on the basis of a concept alone) meant that the other corridors would need to be more developed in terms of their planning and project proposals in order to attract additional financing commitments. However, a presentation conference took place in late September 2011 for the 'northern corridors' to showcase proposals and seek financing, while the COMESA Council has agreed to hold a similar conference in 2012 on a proposed 'maritime corridor' that would benefit in particular the island countries – Seychelles, Mauritius and Madagascar.

While progress on developing packages of investments along corridors appears to have been made, questions remain about how strong the linkages between different projects and components have been. In general there appears to have been some success in presenting infrastructure projects within a package – although challenges remain given that implementation (e.g. for building roads) inevitably still takes place at the national level. At the same time there has probably been less progress in forging stronger linkages between for example the implementation of trade facilitation reforms alongside that of infrastructure projects within similar coherent packages (except in specific cases such as the one-stop border posts). Another broader question concerns the extent to which the AfT strategy itself has contributed to these efforts – and the extent to which regional institutions have been involved in actually driving this programming and implementation work. In reality, consultations conducted for this study suggested that many of the achievements detailed above would probably have occurred without a regionally-owned AfT

strategy: for example both some departments within COMESA as well as some donors demonstrated limited knowledge of the strategy.

In terms of the practicalities of implementing an AfT agenda for COMESA, the role of different actors evolved after the AfT strategy was produced, influenced significantly by developments in the Tripartite and North-South Corridor processes. Although COMESA had established the COMESA Aid for Trade Unit, it has never been given the capacities to be able to fulfil a broad coordination mandate. At the same time, the COMESA Secretariat, together with SADC and EAC, recognised that there was a lack of capacity to conduct many of the technical functions necessary to implement the North-South Corridor initiative and prepare projects sufficiently to bring them to a 'bankable' stage, leading to the establishment (supported with funding from DfID) of Trade Mark Southern Africa (TMSA) as a technical support unit for the tripartite process.

As such, the relationship between the COMESA Secretariat and TMSA is an important one in terms of implementing the regional AfT agenda. The work of TMSA is highly valued by the region and COMESA Secretariat, which generally consider it to be an efficient support mechanism, and with which they have established a good working relationship. At the same time, the involvement of multiple stakeholders – and the tendency for much of the technical work for Tripartite activities tends to be 'outsourced' by the RECs – means that there is a strong need for clarity on different roles. In particular it is important that the political ownership and drive for the Tripartite process – both in terms of the development of the vision as well as accountability for achieving it – continues to remain firmly with RECs and member states, as opposed to becoming identified with a technical support unit such as TMSA with a limited lifespan. Indeed, some stakeholders argue that they would like to see the RECs play a more effective leadership role in setting an overall vision and coordinating with member states to achieve it, including linking infrastructure investments to broader reform in transport and customs. On this front, it should be recognised that important efforts were made by the COMAid unit to at least streamline the idea of AfT into broader work of the COMESA Secretariat, and in particular into the organisation's second Medium Term Strategic Plan (MTSP) as a broad, cross-cutting issue (see box 3.2: however this is just one step towards ensuring that a regional vision is achieved. At the Tripartite level, implementation of a free trade area and movement towards a more functional Tripartite Secretariat may also help strengthen regional coordination and ownership.

Box 3.2: The AfT Strategy, the COMESA Medium Term Strategic Plan and other Initiatives

While the AfT strategy is more of a guiding framework than an implementable plan, it should be recognised that important efforts were also made by the COMAid unit to streamline AfT ideas and concepts into broader work of the COMESA Secretariat, and in particular into the region's second Medium Term Strategic Plan, where it is included as a broad, cross-cutting issue. The aim of these efforts was to ensure ownership of AfT across the COMESA Secretariat as well as reinforce the idea that responsibility for implementation of the strategy lies with its different divisions. In addition, the implementation and other sections of the MTSP also borrow from the strategy, while the part of MTSP specifically on Aid for Trade intended to bring in aspects that are not reflected elsewhere in the MTSP.

In this context it should be remembered that AfT was still relatively new when the strategy was produced, and emerging ideas such as the Tripartite process and integrated trade and transport corridors (such as North-South Corridor) still required a degree of mainstreaming into the regional integration process – at a technical level, but also in terms of generating political backing amongst all stakeholders – including member states and donors. On this front, the AfT strategy – which was originally envisaged as a Tripartite strategy – can be seen as having succeeded in mainstreaming these ideas within a regionally-endorsed

framework as the MTSP that expresses the desire of the region to move forward in the direction of regional solutions.

Within the COMESA Secretariat, the mainstreaming of such ideas is also evident, for example in the recognition of the corridor approach across different divisions. While the AfT strategy itself may not be used on a day-to-day basis, there is strong recognition of the MTSP as the guiding framework.

Finally from the point of view of financing some of the more costly infrastructure projects required in the region, one important element of the AfT strategy was the operationalisation of an COMESA Infrastructure Fund (CIF) to sit alongside the COMESA Adjustment Facility under the COMESA Fund and provide significant resources for such projects. However with alternative sources such as the Tripartite Trust Fund (which is in fact not an active investment fund seeking a return on capital for reinvestment, but simply a pool of donor aid resources) as well as potential contradictions in the intended structure of the CIF (see box 3.3) it is unclear at this stage what role the latter may play.

Box 3.3: The COMESA Infrastructure Fund as a Regionally-owned Investment Vehicle?

Within COMESA's AfT strategy a great deal of attention is paid to the establishment of the Infrastructure Fund as an important step in mobilising resources for envisaged investments. At the same time, there would appear at first glance to be something of a contradiction in the concept, between ownership and control of such a fund on the one hand – with the fund seen as being owned and controlled primarily by COMESA states with a governance structure to ensure that it is 'regionally owned' – and sources of investor participation, with the fund needing significant sources of outside investment in the form of donor and private funding.

The key issues become clear when considering the capital-raising requirements of such a fund and motivations of potential investors. Aside from arguments about whether they should be involved in investing in and running such funds, COMESA governments are themselves unlikely to have the necessary spare capital to do so (and thus make it something akin to a 'COMESA sovereign-wealth fund'). Traditional donor agencies are also unlikely to act as financiers by using grant resources to buy shares in the fund – which would essentially be a profit-seeking investment company – since this is generally beyond their traditional aid-related remit and mandate. Finally, private investors – as well as development banks and sovereign wealth funds which also need to ensure a return on capital – are likely to be hesitant to invest large amounts of their capital in a fund under which executive control rests with COMESA governments.

By contrast, private investors may very well be interested in investing in a more traditional type of investment vehicle with the expertise to invest successfully in African infrastructure projects – but only if they have ownership and control of the fund, and its returns, themselves. This would however not in any sense be 'owned' by the region: in fact there would be no need for a link to COMESA at all.

In reality, while financing for infrastructure projects has historically been difficult, in recent years significant numbers of private investment funds and global banks have become increasingly drawn to Africa – the problem is therefore perhaps not the lack of available funds or investment vehicles, but the lack of bankable projects. This should continue to be the rightful focus of current attention.

3.2. Progress on Establishing Mechanisms to Address Trade and Integration-related Adjustments

With regard to the second specific objective of the COMESA AfT strategy, a similar message emerges: while there has been some progress in establishing mechanisms to address trade and integration-related adjustments, actual implementation of the measures – in terms of the number of countries benefiting from such schemes – has so far been limited, and more needs to be done at this point to ensure that such mechanisms fulfil their potential.

Following the establishment of the COMESA Adjustment Facility (CAF), adjustment support is provided to COMESA member states through the facility under the EU-funded Regional Integration Support Mechanism (RISM) programme, which draws a significant share of the time and resources of the COMAid unit. The RISM programme has recently undergone a substantial revision to ensure it fulfils its objectives. A key shortcoming with the earlier version of the programme was that one of the criteria for compensation was for implementing tariff commitments under the COMESA Free Trade Agreement that most countries had in fact already implemented, while others such as Uganda and Ethiopia still felt unable to participate in the COMESA FTA regardless of the availability of RISM funds⁷. At the same time, the countries that *did* qualify for compensation through the other criteria – implementing tariff reductions related to the EAC Customs Union, with a total of two countries qualifying – received funds in the form of a budgetary transfer to the Ministry of Finance, which alleviated the fiscal concerns and impacts associated with liberalisation without necessarily addressing structural adjustments. In light of this, significant efforts have been made to redesign the programme to ensure a closer link between the implementation of regional trade commitments (extended beyond tariff reductions to include for example trade facilitation measures) and the provision of funds for specifically-designed trade adjustment programmes. Box 3.4 outlines the history and changes in more detail below.

Box 3.4 Addressing Adjustment Costs: the COMESA Adjustment Facility

The regional integration process leads countries involved to incur transitional adjustment costs, as they lower their tariffs vis-à-vis other countries. Following the Free Trade Agreement in 2000, COMESA established an Adjustment Facility under the COMESA Fund in 2002 to provide financial support to member states to minimise the fiscal and socio-economic impact of such losses.

The Adjustment Facility is so far for the full 100 per cent supported by the EU through the Regional Integration Support Mechanism (RISM). A Contribution Agreement for such support was signed in November 2007. Under the 9th EDF, the EU provides 78 million. So far, only Burundi and Rwanda profited from the Adjustment Facility. Hence, while the Mid Term Review of the RISM was quite positive on the successful set up of the Adjustment Facility, it indicated that the regional component has been limited due to the limited number of countries that have profited.

Support provided through the Adjustment Facility from the RISM as received by Burundi and Rwanda was limited to one component of the adjustment costs, which are revenue losses as a result of trade liberalisation. Future support from the Adjustment Facility will go beyond revenue losses, providing broader support for the implementation of regional commitments at the national level. For this purpose, revised CAF operational regulations were adopted by the COMESA Fund Ministerial meeting of June 2010 and a RISM rider was developed. These state that allocation and disbursement of CAF resources are to be effected

⁷ The other channel for receiving compensation was in response to countries implementing tariff reductions related to the EAC Customs Union.

against the implementation of well defined regional integration indicators detailed in a Regional Integration Implementation Programme (RIIP), which will outline how a country plans to implement adopted regional integration commitments. Countries will receive a fixed tranche against approved RIIP, followed by annual tranches, based on the achievement of specific indicators defined in the RIIP. Hence, the CAF has shifted from an approach to compensate countries for the loss of custom revenues to a facility that rewards countries for the progress made on implementing regional commitments. It is expected that the first payments will start in 2012.

3.3. Progress on Aid for Trade beyond the Specific Objectives of the Strategy

One of the key strengths of the COMESA Aid for Trade Strategy is intentionally narrow in focus, zooming in on some elements of the broader global Aid for Trade agenda to achieve two specific objectives – developing coherent packages of investments and reforms (as demonstrated in corridor approaches) and dealing with adjustment costs. However at the same time – and as shown above – AfT potentially covers a far greater range of trade-related donor-funded programmes and activities, as well as often having a strong overlap with activities that would not be considered as ‘aid’ at all (such as the day-to-day work of a national Ministry of Trade or regional organisation, or private sector activities). In terms of specific programmes at the regional level, a number of areas are not specifically emphasised in the AfT strategy while important programmes are being implemented by COMESA together with various development partners in these areas – such as in agriculture or private sector development. When assessing the performance of the strategy it is important to consider this wider context, and how it may be relevant going forward.

Although it goes beyond the remit of this review to present a comprehensive overview of all Aid for Trade initiatives and results in recent years, some key examples are provided in the table 3.2 below.

Table 3.2: Examples of AfT (or AfT-related) Regional Programmes

AfT category	COMESA examples
Trade policy and regulations	• Consolidation of the COMESA Free Trade Agreement; • Implementation of the COMESA Customs Union Roadmap; • Support the ongoing Tri-partite process towards a Grand Free Trade Area; • Introduction of the Simplified Trade Regime to assist small scale cross border traders by simplifying the process of clearing goods; • Streamlining customs procedures and vehicle control system • Introduction of the Automated System for Customs Data (ASYCUDA) in 15 ESA countries; • Regional Strategic Framework on the simplification of the procedures of starting business, company licensing and on transparency • Building trade negotiating capacities in ESA countries;
Trade-related infrastructure	• Improving the state of infrastructure; • Support to the creation of One Stop Border Posts; • Eastern Africa Power Pool • COMESA Infrastructure Fund

Building productive capacity and trade development	• Activities of the Alliance for Commodity Trade in ESA (ACTESA) to link small holder farmers to national, regional and international markets; • Improve capacities to meet SPS standards; • Development and implementation of regional value chains, e.g. the regional strategy on cotton-to-clothing and the leather industry strategy; • Establishment of the COMESA Business Council and the Federation of Associations of women in Business in Eastern and Southern Africa (FEMCOM);
Trade Adjustment	• Assisting countries to address adjustment costs through the COMESA Adjustment Facility;
Other trade-related needs	• Improve and harmonise production of statistical data and improved capacities of national and regional statistical bureaus; • Enhancing public procurement systems reforms and capacity building to support the regional procurement market.

In terms of looking at the wider picture of AfT in the COMESA region, there are a number of potential implications for the strategy itself. One is that it should be recognised that AfT is in fact instrumental for many of COMESA's key programmes – a fact that is not perhaps emphasised enough in the existing strategy. This lack of visibility and ownership can lead some to underestimate the importance of AfT for COMESA, viewing it as solely the concern of the COMAid Unit without necessarily recognising and exploiting the synergies that exist with their own work. While strategic planning as well as coordination between different departments has increased in recent years, there is arguably still much work to do to ensure COMESA's work is driven by a strong, long-term regional vision for the future.

Secondly, and aside from the range of different activities that are ongoing at the regional level (not to mention the national level), it is important to note that a broad range of bilateral and multilateral partners are providing AfT in different areas. Key donor AfT programmes that supported the activities listed in table 3.2 include, to name a few, the Regional Integration Support Programme (RISP) and the all ACP Commodities Programme of the EU, the COMESA Regional Economic and Trade Integration Program (CRETIP) of USAID, the Agricultural Marketing Promotion and Regional Integration Project (AMPRIP) of the African Development Bank, the Programme for Building African Capacity for Trade (PACT) of CIDA and the aforementioned TradeMark Southern Africa Programme of DFID. Hence AfT is still primarily provided through projects and programmes, and an array of diverse instruments and methodologies and reporting systems are still in use, suggesting that there is still much work to be done in the area of ensuring that AfT is aligned to a comprehensive and coherent approach.

Finally, precise data on the results and impact of Aid for Trade are still scarce and sporadic, given weak monitoring and evaluation (M&E) systems and efforts. More systematic M&E would facilitate adaptation and improvements to AfT programmes, based on lessons learned from the past. However, in this context it is also important to consider whether there is sufficient capacity in place both within COMESA and national administrations to undertake this systematic monitoring.

3.4. Other Cross-cutting Issues in the AfT Strategy

Finally, beyond the specific objectives identified in the strategy document, there are a number of other cross-cutting issues that appear to some extent in other parts of the strategy document (e.g. the background and underlying principles sections) or instead form an implicit part of the wider AfT agenda. For example, a major feature and envisaged added value of the AfT initiative was the idea that it would lead not just to increased levels of aid, but to better quality aid – with coherent, more coordinated delivery from donors, and greater ownership on the part of recipients. Although a few of these points have been touched on already above, it is useful to briefly highlight some of these together here:

- First, **the achievement of sufficient resources** and institutional capacity to fulfil the objectives set out in the COMESA AfT strategy has already been outlined in section 2.
- The strategy was intended to enhance **coherence at the regional level (i.e. within COMESA)**. Even if the AfT strategy as such has not been actively used by different departments, the corridor approach that is at the centre stage of the strategy appears to have contributed to more collaboration between different departments of the COMESA Secretariat and thereby more coherent joint efforts. As mentioned above, the strategy is also credited with having contributed to the mainstreaming of AfT within the COMESA Medium Term Strategic Plan 2011-15.
- **Ensuring ownership at the national level and coherence between the national and regional (and sub-regional) levels**, including efforts to ensure that regional and national AfT strategies and development plans complement each other. In terms of direct work with member states, some efforts were made by the COMESA Secretariat to integrate regional objectives in national strategies and policies – for example as a pilot, the COMAid Unit supported Zambia where there was a linkage to the Enhanced Integrated Framework process at the national level. This was yet replicated in other countries – rather the emphasis at this stage is on strengthening links between regional programmes to national-level implementation. For example the new structure for RISM is meant to improve linkages by using the RIIPs developed under the programme to improve transposition of regional commitments at the national level. In the same regard, recent work on the COMESA M&E system emphasises ownership by member states in planning the process for implementing regional programmes at the national level so that these are included more explicitly in the national planning and budgeting documents. In addition, the Indian Ocean Commission AfT Strategy was also developed in a manner that complimented the COMESA strategy.
- **Improving the effectiveness of aid** delivered under the auspices of AfT, for example through an improved donor-recipient dialogue at the regional level, or new modes of aid delivery. Aid for Trade is still provided through an array of diverse instruments, programmes and projects. On the positive side, continued use at the regional level of the EU-COMESA Contribution Agreement can be mentioned. It is also worth mentioning the USAID-COMESA Integrated Partnership Assistance Agreement, signed in 2011, which is a move from different agreements to an integrated agreement that incorporates all activities funded by USAID at COMESA for 5 years.
- **Harmonising AfT strategies and approaches with SADC and EAC under the Tripartite process**. Progress has been made in the development of cooperation and coordination with EAC and SADC. The latter is understood to be currently developing their own AfT strategy. Given that the

COMESA strategy has existed for some time, the COMESA Secretariat should be able to play an important role in ensuring coherence between the different plans.

In making a broad assessment of the usefulness and progress of the COMESA AfT Strategy, it is therefore important to look at various regional (and national) instruments, programmes and initiatives being undertaken in the region, in terms of their contribution to the progress and achievements made (or gaps that remain) in fulfilling these overall objectives of the strategy.

4. COMESA's AfT Strategy from Here: New Challenges, Potential Improvements, and Possible Ideas for Updating the Strategy

In terms of evaluating the past performance of the COMESA AfT strategy, this short review has found that it has so far proved to be a fairly useful document that has increased awareness about the initiative within COMESA and beyond, while also helping to shape and guide regional policy as well as contributing to efforts aimed at achieving its stated objectives of developing suitable AfT instruments and putting them into practice.

At the same time, it is useful at this point to reflect on the continued value-added of the strategy in its current form. One of the first questions should be whether a regional AfT strategy is even necessary at this stage, especially given the existence of other regional frameworks such as the MTSP, the regional CAADP compact and sectoral strategies. While one option would therefore be to dispense with the strategy or deprioritise it, other options would include keeping the strategy as it is, or updating it. Judging between the options will require balancing a number of factors, such as the continued usefulness of the strategy, and an analysis of the costs – in terms of time and effort – of any revision in both the short and long term, versus the expected benefits. This section therefore looks firstly at the value-added of the strategy and its potential usefulness going forward, before suggesting some ideas and principles that may be useful in updating the strategy, should COMESA chose this route.

4.1. The Added Value of a Regional AfT Strategy: Live or Let Die?

While it was very much a minority conclusion, one view encountered during the interviews conducted for this study was that a regional AfT strategy was not necessary at all. The central and fundamental question raised by this view is whether the strategy has continued relevance and provides enough added value, in particular given the existence of other regional and national guiding frameworks.

While the argument against unnecessary duplication has some merit, we believe that the general case for a continued region-wide AfT strategy remains intact. In terms of the overall picture, the same concerns and motivations that led to the original strategy being produced in 2008 remain in place. As shown earlier (in section 2), AfT continues to be a donor agenda which shows no signs yet of reaching exhaustion even in the face of such headwinds as the financial crisis and the lack of progress in concluding the Doha Round of multilateral trade negotiations that gave birth to the initiative. By contrast, donors continue to emphasise trade and regional integration as growing priorities in their aid programmes. Furthermore, the initiative should soon begin to show signs of bearing fruit, with trade providing a significant contribution to the strong economic growth seen in African countries especially over the last few years, and indicators that show

improvements for example in the costs of doing business. The significance for the COMESA AfT strategy is that a continued emphasis and political backing from the side of developing countries – in this case COMESA member states – for AfT strategies, programmes and projects signals greater ownership and helps to maintain momentum for the initiative and thus ensures that it does not become just another ‘donor fad’ that disappears along with so many others over the years.

Alongside this global picture, the key ‘local’ motivation for the original strategy would also appear to remain relevant, since a focus on coherence and coordination between different AfT programmes, between the regional and national levels, and in donor-beneficiary relations, remains as strong as ever. On one level – and as noted above – there would appear to have been some success at the regional level and in some countries in integrating AfT into development plans and policies. At the same time there is a difference between such mainstreaming at the level of policy statements and practical implementation over a period of years: as yet it is too early to tell whether trade and AfT concerns have been fully mainstreamed given that policy slippage can occur or there may be a lack of follow-through in implementation. From the point of view of delivering better aid, there are also a number of ongoing processes to improve ownership – such as aligning aid to recipient processes and improved division of labour amongst donors – that suggest a continued need for a regional AfT strategy that might serve *inter alia* to help guide donor interventions and engagements with COMESA countries, as well as give COMESA a stronger regional mandate to ensure that donors adhere to regional wishes, and can be held to account. Indeed, donors repeatedly said that they would wish COMESA to take a stronger role in coordinating AfT and aid efforts more generally.

Ultimately however it should be remembered that the main indicator whether or not the AfT initiative has achieved its goals would be the successful implementation of AfT programmes that in turn yields results. Despite some signs of progress on implementing certain programmes, here too ‘the jury is still very much out’. One criticism of the strategy highlighted by some interviewees is that it is too weak in the area of implementation: on the one hand that strategy was never designed as a detailed programming tool, yet on the other hand it gives no clear picture of the process of implementation (for example who is responsible for delivering on stated goals, how they can achieve them, what challenges and limitations do they face). This would indeed appear to be a significant shortcoming. As noted already, AfT is wide-ranging in scope – at the regional level covering probably 95 per cent of COMESA Secretariat’s work. In this regard, the question of how the AfT strategy sits alongside other regional frameworks also deserves special attention, and is discussed in Box 4.1 below.

Box 4.1 The Value Added of an AfT Strategy alongside other Regional and National Frameworks?

One justification put forward for dispensing with the AfT strategy is that it serves little purpose alongside a number of more important regional policy frameworks, and to some extent duplicates work in areas covered by AfT such as infrastructure and agriculture. Clearly the AfT Strategy should not simply add another layer, but be complementary to these other frameworks and serve a specific and unique purpose.

The relationship between the AfT strategy and COMESA’s **Medium Term Strategic Plan** has already been described above. The MTSP provides strategic guidance for a 5-year period, through clearly defined priority areas and objectives, as well as key actions, outcomes and indicators, which is made operational through annual work programmes. The MTSP is COMESA’s main medium term strategic framework, so that is not the role the AfT strategy should play. The AfT strategy *can* potentially have an added value by serving as a reference point on how Aid for Trade can support the implementation of the MTSP, by clarifying what support the region seeks from development partners to pursue the MTSP objectives and how it works with its partners. As such, it can potentially contribute to the mobilisation of resources as well as the effectiveness of aid.

On the regional level, the AfT strategy also sits alongside **sectoral strategies and programmes**, such as the COMESA Transport and Communication Strategy and the regional CAADP compact that is currently being developed. The AfT strategy provides common principles to donor interventions in all those areas. This can contribute to strengthening coordination across sectors.

Furthermore, the regional Aid for Trade Strategy links to **(Aid for) Trade frameworks on the national level**. The AfT Strategy complements national frameworks, in line with the subsidiarity principle. For example, the AfT strategy can promote regular exchange of information, best practices and expertise among member states and regional bodies to maximise the impact of AfT. The role of the strategy may not necessarily be to actively coordinate activities, but instead to ensure greater coherence at all levels.

Finally, the current AfT Strategy relates to **programmes undertaken in the Tripartite context**. The aforementioned North South Corridor, which is at the core of the current AfT Strategy, is indeed a Tripartite AfT initiative. For the AfT Strategy to act as a useful guiding document for the Tripartite as a whole, it could be considered to enlarge its geographical scope beyond COMESA. The Memorandum of Understanding of the Tripartite indeed states that the region will work towards the harmonisation and common development of programmes supported by multilateral and bilateral partners.

On balance, it would appear that there is no reason why an Aid for Trade Strategy may not have a continued added value alongside other frameworks, either to enhance coordination of activities or perhaps rather to act as a vehicle for increased coherence between the different levels. Any potential revision to the strategy should probably however elaborate better on the relationships between the different frameworks, so that its particular niche is fully explained and exploited.

Finally it is worth noting that although the strategy would appear still to be relevant at this point, this could naturally change in the future. While this is difficult to predict, it is entirely possible for example that the initiative may lose momentum or be replaced by a different agenda with different priorities. In the longer term, AfT may suffer from diminishing returns, or it may be that in some areas aid starts to 'crowd out' private sector involvement in important investments – rather than helping to 'crowd in' private sector activity in trade, as is the current assumption. In this sense, it should be remembered that like all other forms of aid, AfT is certainly not a panacea, but rather a means to an end. One implication is that the principle of reviewing the strategy every few years is an important one and should be kept – the precise timeframe for the strategy is discussed in more detail below.

4.2. Keep the *Status Quo* or Revise? The AfT Strategy going Forward

If the rationale for retaining a region-wide AfT strategy is accepted, the next important question concerns the nature of the strategy going forward: is the current version sufficient for the next few years or does it require revisions to make it more effective? Again the answer to this question involves balancing between different concerns, since in practical terms a revision will involve some amount of short term costs (in terms of the time and effort involved in undertaking the revision and then bringing the region together to discuss and adopt a new version). The expected benefits are likely to depend ultimately on the extent to which any revision contributes to ensuring that the AfT initiative continues to play a role in improving outcomes – in terms of the work of the COMESA Secretariat, coordination with member states, with donors and with the private sector.

In making any decision about the future of the strategy, one factor to take into account is that – while much of the overall rationale for the strategy remains the same – much of the context has arguably shifted since it was first drafted in 2008. This is not least in terms of progress on the original goals of the strategy and in regional integration efforts more generally, which has in turn created new and emerging challenges. Some of the changes that have led to a new context compared with only a few years ago include:

- A scale-up over in donor-reported flows of AfT (outlined in section 2 above), which suggests that donors continue to support AfT – although the financial crisis in the developed world still carries with it the threat of lower aid flows in years to come.
- A degree of traction in integration efforts in some countries and regions, including efforts such as the Tripartite process and ‘Grand Africa Free Trade Area’
- A discernible increase in the level of support by donors specifically to regional integration – most notably in trade – and in some cases changes to their approach as a result of trying to improve donor aid effectiveness
- Subsequently, a number of new programmes and initiatives, including some that made significant achievements in meeting the original results of the strategy. Most notably ‘the corridor approach’ is now generally accepted and is being replicated beyond the North-South Corridor
- Core elements of the AfT Strategy have been integrated in COMESA’s Medium Term Strategic Plan – which might itself now be considered as the region’s AfT plan
- There have been improvements in diagnostic studies and tools (e.g. data) at the national level, and some mainstreaming of trade into development plans
- To some extent a change in focus in AfT debates, beyond simply encouraging an increase in AfT, towards better monitoring of AfT and demonstration of its benefits

At the very least, such changes would suggest that the case for AfT and regional approaches has now been made quite strongly, and that AfT has been to some extent more ‘mainstreamed’ into the work of national governments and regional organisations. As already noted above to some extent, if the 2008-2011 period was about establishing AfT as an important agenda within regional and national development plans, the emphasis going forward will be on implementing AfT projects and demonstrating results. Hence probably the key question is whether the current strategy can respond to such challenges, or how a revised strategy might be able to do so better.

In our view, an update of the strategy could be worthwhile in helping to give direction to AfT efforts going forward (for example in terms of expanding the scope to emphasise corridors other than the NSC), as well as giving a new momentum to the initiative (in terms of renewed backing at the political level) and redefining the priorities going forward. At the same time, it should be recognised that the process of updating the strategy will not, on its own, have any impact on the core challenge of implementation: in this regard only putting the AfT strategy into action will matter in the long run. If attempted, we would suggest that any revision should in any case be a relatively quick and straightforward exercise rather than involve a drawn-out process, which would be in keeping with the nature of the document as a guiding framework rather than a comprehensive, heavy and detailed programming tool.

4.3. Principles and Issues to Consider in Revising and Updating the Strategy

It is naturally beyond the remit of the review itself to decide whether the region should ultimately discard, keep or revise the strategy (or suggest the precise details of any potential revision): this is clearly an internal matter for the COMESA Secretariat and the member states to which it is accountable. However the

key recommendation based on the information and analysis contained in this report is that the AfT strategy has proved useful in a number of ways in the past few years and will continue to do so in the years ahead, and that a revision of the strategy would be a good opportunity to update it to a changed context and refocus its goals towards a greater emphasis on delivering results. This subsection therefore highlights some key issues for consideration in any update to the strategy, starting with the process for such a revision before moving on to specific issues.

In the event that COMESA does decide to go ahead and revise its AfT strategy, it may be useful to have some consensus beforehand on how the **process** for doing this and what the revised product should ultimately look like. On this front, our suggestion would be to avoid attempting too 'heavy' a revision, or changing the strategy drastically from its current format and broad structure. Here, it is important to put the strategy in perspective in terms of its status first and foremost as a guiding framework for region (amongst other frameworks as highlighted above), rather than a more detailed programming document or 'shopping list' of potential projects. On the whole, the principles and methodology on which the current strategy is based remain valid and useful and the document has the added advantage of being short, focused and accessible: we would firstly suggest that such features be broadly retained. By the same token, the revision process should aim to be as quick and straightforward as possible, given that it would make little sense to engage resources in a lengthy, drawn out policymaking process. While adequate consultation between different stakeholders is an important part of building policy, this should be done as much as possible within established COMESA procedures (which require matters to be discussed and adopted at various levels before reaching heads of state) in order to maximise the contribution to improving the strategy while minimising the resources (e.g. time, effort, money) drawn away from other tasks including actual implementation.

In terms of the timeframe for the strategy we would suggest that while the current strategy covered a two-year timeframe, the link with the COMESA MTSP justifies any revised AfT Strategy covering a four-year period running from 2012 to 2015. The AfT Strategy can then fully accompany the implementation of the MTSP and the two frameworks will be up for renewal at the same time.

In terms of **specific issues** to be considered for updating the Aid for Trade strategy, we would highlight the following:

- *Thematic scope*: Progress was made in the pursuit of the two specific objectives of COMESA's current AfT strategy (coherent packages of interrelated investments as well as adjustment costs). These objectives nevertheless continue to deserve attention, as implementation – particularly on corridors beyond the North South Corridor – is only just starting and few countries received support to cope with adjustment costs so far. The objectives, and related implementation efforts, therefore remain as valid as they were when the strategy was put in place. However, the region may consider broadening the scope, in order for the Strategy to indicate how Aid for Trade can support the implementation of the MTSP as a whole. Such a broadening should not necessarily imply adding *specific goals* for each of the wide range of activities that comprise AfT in the COMESA region – the cost of this would most likely be a strategy that is less focused and achievable. However it does perhaps mean including *greater recognition* in the strategy of some of the ongoing COMESA-level activities mentioned in section 3.3. above, and as such give greater visibility to more of the AfT-related programmes being carried out at the regional level (including for example in building

productive capacities which features much more prominently as one of the strategic priorities of the MTSP⁸) as well as strengthening the linkages between the two documents even further.

- *Regional scope:* Given progress made in the Tripartite context, and as indicated in the section above, it could be considered to expand the scope of the AfT Strategy beyond COMESA to the Tripartite. While previous efforts to develop a tripartite AfT Strategy failed, increased commitment and political ownership of the Tripartite process make it more feasible and desirable. Such efforts should not however be done simply for the sake of having a tripartite strategy – since *de facto* the COMESA strategy could already be said to serve this role to some extent, together with various up-and-running projects such as the NSC. Rather a tripartite approach should evolve or adapt in tandem with institutional developments at this level (e.g. a move towards a stronger Tripartite Secretariat or in response to the implementation of the tripartite free trade agreement). The development of a Comprehensive Tripartite Transport and Trade Programme (CTTTP) is another step forward that could foster greater integration. At a minimum there should be coherence: the development of AfT strategies and future regional plans by SADC and EAC (as well as COMESA itself) represent a chance to continually strengthen coherence between the three communities.
- *Relationship between the Regional AfT Strategy and the National Level:* As noted in section 3.4, efforts so far to assist member countries to ensure coherence have been limited – taking steps to address this should be a key concern in any revision of the strategy. It is important to note that COMESA member states vary enormously in terms of their respective capacities and resources to implement. More work could be done to support the inclusion of regional AfT priorities in national development plans or strategies (including perhaps developing them where they do not exist), and vice versa. The recent changes to the RISM programme will help strengthen the linkages between implementation of regional commitments and trade adjustment programmes, but countries may also require greater assistance to implement projects in the areas of infrastructure or building productive capacity.
- *Institutional mechanism:* In the COMESA Secretariat the Aid for Trade Unit (COMAid) was set up to develop the strategy and support its implementation, through close collaboration with other COMESA divisions. While considerable work has been done by the unit, it has been noted that capacity constraints have hindered its operations – further efforts could therefore be made to strengthen the unit. At the same time, it may be worth examining how to integrate the COMAid unit (from its current ‘standalone’ position) better within COMESA, in the context of the ongoing restructuring of the COMESA Secretariat. Here it should be noted that one of the strengths of the COMAid unit is that it works in principle on a cross-cutting basis theoretically covering issues from resource mobilisation through to implementation of various regional programmes and then monitoring. Capacities are also to be assured in the other Tripartite RECs as well as on the national level, which also have an important role to play in the implementation of the strategy as mentioned above.
- *Responsibilities under the strategy, particularly for implementation:* Following in part from the points above, the strategy could usefully clarify the process of implementation and (in a broad sense) of role of different stakeholders as regards regional Aid for Trade, including the COMESA Secretariat, other regional institutions, private sector, civil society and development partners, particularly in terms

⁸ While Building Productive Capacities is part and parcel of COMESA's activities (e.g. Programme for Building African Capacity for Trade, with supports strengthening regional value chains), it was – on purpose – not reflected in the Aid for Trade Strategy so far.

of implementation. For example, does the regional COMESA Secretariat play an increasingly important role in implementing AfT programmes by strengthening its implementation capacities, or does it continue to play principally a role in earlier steps of the programming cycle, leaving implementation to others, such as TradeMark Southern Africa? Particularly efforts to strengthen the role of the private sector in Aid for Trade could be strengthened, possibly by further strengthening and exploiting the COMESA Business Council. This issue is given special attention in section 4.4.

- *Monitoring:* Monitoring of the strategy can be done through broader COMESA M&E systems. Efforts are ongoing to strengthen M&E of COMESA regional integration programmes and also for use in assessments conducted in the context of the RISM program. With regard to AfT, there is a particular need to strengthen knowledge on the *impact* of Aid for Trade, to guide future programming and implementation. Capacity to undertake effective AfT monitoring is also a key question, and it may make sense to draw as much as possible on existing databases such as the World Bank *Doing Business Indicators*.
- *Information and dissemination:* Little was done in terms of consultation and dissemination in relation to the current strategy, which has been recognised as a weakness. Following the example of the MTSP and the PAPED in West Africa, stakeholders could be consulted and informed more, to strengthen ownership. This is valid for the strategy, as well as progress and results of AfT in general e.g. presenting it in an accessible and concise format, rather than only sending COMESA Council Reports to donors. At the same time, any consultation exercises should aim to balance the expected benefits – in terms of improving the strategy, ownership and ultimately contributing to better results – against the inevitable resource costs in terms of time, money and effort (that may well be better spent on implementation).

4.4. Increasing the Emphasis on Implementation

With regard to the future of the strategy, one concern among some stakeholders is that while the current strategy sets out the outline of a certain approach to AfT and aspires to develop the instruments and mechanisms in specific areas to put it into practice, the document says little about implementation itself, which is likely to be amongst the most important challenges going forward. In short, given that AfT has now been fairly-well established, it is now time to deliver.

It should be recognised that discussing implementation is somewhat difficult in the case of the COMESA AfT strategy, for reasons already noted above. Firstly there is wide range of potential activities to cover: indeed the thinking behind the current strategy was to avoid generalisations and focus on a few specific areas, which has worked well as a principle and should be retained. Similarly, the AfT strategy is not a programming tool nor a 'wish list' of projects in different areas. Given that COMESA is a member-driven organisation, COMESA Secretariat could potentially face a degree of pressure from different member states to include an ever larger range of individual priorities and concerns in the strategy. This however would be a mistake – the focus of the strategy so far on a limited set of achievable objectives rather than a 'shopping list approach' is a feature that has contributed to making it useful and credible basis for a strategic approach. There is also the link to the MTSP, and the strategy cannot be considered separately from the wider strategic framework.

At the same time, the added value (and original aim) in having a regional AfT strategy is not just to outline a vision and an approach, but also to focus attention and efforts on a set of specific and achievable goals. Although the current strategy does this to some extent the main problem here is that the strategy is

relatively silent on responsibilities for implementation: beyond stating that ‘activities will as much as possible be undertaken through existing programmes’, there is relatively little mentioned about who would fulfil the objectives of the strategy, and how they would do so. While the strategy does contain a ‘logframe’ matrix that lists a number of different activities and tries to assess resources available to support the work on the objectives, this also lacks information on how separate activities are to be implemented (and also appears to have been designed to be contingent on the adoption of the strategy as a Tripartite initiative, with sufficient resources for a functioning Tripartite Secretariat with a strong AfT-related mandate to follow through on this workplan). One reason why implementation of programmes is left to ‘existing programmes’ may be that the COMAid unit, as well as in COMESA Secretariat more generally, face capacity constraints in what they can achieve in terms of delivering on projects – rather the role of the COMAid unit might ultimately be better thought of as encouraging coherence and coordination (see box 4.2).

In terms of the goals of the strategy, another key reason why implementation of programmes was not emphasised more was that the main focus of the 2010-11 strategy was on the earlier stage of ‘developing corridors’ and ‘establishing mechanisms’. This was right at the time although in light of the progress made on these fronts, one idea going forward is that any revised goals could be more closely linked to achieving specific progress in AfT (e.g. in terms of progress to be achieved on programmes to be implemented in the current focal areas of infrastructure and adjustment-related challenges, as well as detailing who is responsible for achieving the goal). In reality, various levels of implementation and stakeholders exist including different divisions of COMESA Secretariat, various ministries and national governments and different donors and technical agencies. In keeping with the idea of avoiding the strategy becoming a programming document, it may not necessarily be desirable to try to produce too much of a detailed and costed workplan for implementation of specific project. Yet at the same time the strategy could be more explicit about who is responsible for what areas of implementation and how they will achieve their goals, to clarify the broad roles of different key actors and the division of labour amongst them.

Box 4.2 The AfT Strategy as an Instrument for Coherence, Coordination or Compliance?

Particularly in terms of setting realistic objectives for the strategy going forward, it may also be useful to have a stronger sense of the scope of what a regional AfT strategy, the COMAid Unit, and COMESA Secretariat itself can (and cannot) achieve. As such it may help to define better within the strategy the broad methodology proposed for achieving its objectives – it may be useful to distinguish the various levels and ways in which integration is pursued, such as encouraging *coherence* (which might be interpreted as ensuring that policies and activities have similar goals and are not contradictory), active *coordination* (e.g. either in a light sense of ensuring communication between different implementation agencies, or through more ambitious attempts to pool sovereignty and decision-making powers centrally), and ensuring *compliance* (e.g. through building mechanisms and institutions designed to sanction non-compliers).

Ultimately the limited power (and capacity) of some key actors means that it will be difficult to fulfil some objectives; at the same time another useful concept here in the COMESA context is the initial work being done to monitor and support the ‘transposition’ of regional-level commitments to the national level, with objective assessment and reporting by each country to the COMESA Council on the progress they have made.

Finally it will also be important to assess in broader terms how progress against specific goals is being made, through follow-up with monitoring and evaluation of regional programmes. Here the COMESA Secretariat is developing a new M&E system. Rather than being monitored separately it would make sense for AfT to be monitored alongside other COMESA goals as an integral part of the new system, with AfT concerns fully mainstreamed within it.

5. Conclusions and Recommendations of the Review

5.1. Key Conclusions of the Review

- AfT to the COMESA region is growing, according to the OECD's donor reporting system. The wide scope of AfT as a relatively new and overarching category of aid masks the fact that much of this aid is going to traditional areas such as agriculture, transport infrastructure, energy and productive sectors. AfT delivered at the regional level (including, though by no means limited to, programmes delivered through the COMESA Secretariat) is growing at a faster pace than AfT more generally, representing around 10 per cent of all AfT to Africa in 2009. Thus it seems that AfT will continue to be relevant as an aid 'agenda' going forward.
- The COMESA Aid for Trade Strategy outlines an approach to AfT rather than a 'shopping list' of projects. The main value added of the document lies in its regionally-endorsed commitment to a particular approach to AfT and a limited set of specific, achievable goals. It is also intended to help coordination at various levels – at the regional level (e.g. between COMESA-level programmes), between COMESA Secretariat and its member state, and with donors.
- In terms of the specific objectives of the strategy, there has been some progress in the last few years on its goals. Firstly, there has been some progress on developing integrated packages of support (e.g. along trade infrastructure corridors), in particular along the North-South Corridor but also along other corridors. Secondly there has been progress in creating programmes to assist countries to adjust to trade liberalisation – most notably the RISM that is channelled through the Adjustment Facility of the COMESA fund – although the struggle to find the most effective formula for such programmes has meant that impact so far has been limited.
- In terms of the coordination of efforts there has also been some progress, with the 'corridor approach' better understood and mainstreamed within COMESA Secretariat for example and accepted at the national level. Donors also see value in an AfT strategy that helps them to guide their approach.
- The existence of a regionally-owned AfT strategy has contributed to this progress (without necessary driving it), but much more work still needs to be done to implement programmes more effectively. Some stakeholders believe that COMESA could take an even stronger role in outlining an overall vision and coordinating efforts behind it and ensuring coherence at all levels. While the strategy outlines specific goals, it says relatively little about the various responsibilities – for example the division of labour between COMESA Secretariat, member states and technical agencies – for implementation. Original plans to resource implementation of the strategy with additional staff dedicated to AfT programmes within the COMAid has not been met.
- Implementation of AfT programmes is the key challenge for the coming years, although not the only one. While the strategy should not become a detailed programming document, it could better define how implementation is expected to occur. Any strategy going forward will also need to adapt to a changing context for regional integration, including developments in the Tripartite process and at the continental level, and progress in regional integration more generally. The development of AfT strategies and future regional plans by SADC and EAC (as well as COMESA itself) represent a chance to continually strengthen coherence between the three communities.

5.2. Recommendations

It is naturally beyond the remit of this short review to decide on behalf of COMESA whether the region should discard, keep or revise its AfT strategy (or suggest the precise details of any potential revision): this is clearly a matter for the COMESA Secretariat and ultimately the member states to which it is accountable. Nevertheless the main aim of the review was to provide recommendations on the strategy and on 'steps to improve the success of AfT at the regional level'. In this regard, our **key recommendation**, based on the information and analysis contained in this report, is as follows:

- **(Key) Recommendation 1:** *A revision to the COMESA AfT Strategy would be valuable at this stage.* This reflects the finding that the strategy has proved useful in a number of ways in the past few years and can continue to do so in the years ahead, and that a revision would be a good opportunity to update the strategy to take account of progress so far and a changed context, and refocus its goals towards a greater emphasis on delivering results.

With regard to any revision, we would however be cautious – given the status of the strategy first and foremost as a guiding framework for the region – that this not be a lengthy, drawn out process but should upon the existing strategy and the principles and methodology on which it is based. Hence we would firstly suggest that such principles are broadly retained. On the *process* therefore we would make the following recommendations:

- **Recommendation 2:** *The process for any attempted revision of the AfT strategy should be a relatively quick and straightforward exercise.* This would minimise the amount of time and effort drawn away from the hard task of implementation, which is the main task at this stage.
- **Recommendation 3:** *The revised strategy should continue to outline an approach to AfT and objectives that are realistic and achievable – as such its key principles and overall methodology should largely be retained.* In particular the AfT strategy is not intended as a programming document (e.g. with costed workplans for individual projects and identified or sources of funding) nor a 'shopping list projects'. It has the strong advantage of being relatively short and therefore accessible.
- **Recommendation 4:** *With regard to a timeframe for the revised strategy, the link with the COMESA MTSP justifies a revised AfT strategy covering a four-year period running from 2012 to 2015.* The AfT strategy can then fully accompany the implementation of the MTSP and the two frameworks will be up for renewal at the same time.

Finally with regard to the *content* of the future strategy, this review has explored a number of different issues, including the relationship with other frameworks, broad issues in AfT areas such as improving donor coordination as well as the institutional structures that will be necessary to improved the implementation of AfT programmes and projects. In terms therefore of **specific issues** to be considered for updating the Aid for Trade strategy, we would recommend the following:

- **Recommendation 5:** *The primary focus of the strategy going forward should be on supporting the implementation of AfT projects at the regional level and national level.* This will require some refocusing of the strategy to move beyond current objectives (to establish regional instruments and mechanisms for AfT in specific areas) towards activities more specifically linked to implementation, for example to assess progress on so-called 'transposition' of regional commitments, and help resolve bottlenecks in implementation, caused for example by technical capacity gaps at the national level or insufficient coordination between countries.

- **Recommendation 6:** *At the regional level, the AfT strategy should continue to closely be aligned with and feed into a COMESA MTSP that itself prioritises regional integration.* A revised AfT strategy should continue to complement the MTSP by supporting its implementation in AfT-related areas (for example by clarifying the responsibilities amongst different stakeholders, identifying donors how can best provide support, and monitoring progress). It should continue to emphasise the need to ensure policy coherence and mainstreaming AfT at the regional level, including across different divisions of the COMESA Secretariat
- **Recommendation 7:** *The revised strategy should address in greater detail the need for coherent approach between the regional and national processes and how to achieve this.* It would be useful to clarify the division of labour between regional and national institutions (e.g. a regional strategy does not imply that most AfT will continue to be implemented at the national level) while outlining areas where coherence and/or coordination can be improved. Greater attention should also be paid to the gaps in capacity that may exist at the national level and how a regional strategy can help address them.
- **Recommendation 8:** *Coherence and best-practice sharing should also be encouraged at the COMESA-EAC-SADC Tripartite level.* Attention will need to be paid to developments at this level with regard to progress on regional integration, institutional developments, and the AfT strategies of other tripartite regions.
- **Recommendation 9:** *Evaluation and monitoring of AfT should be incorporated within broader COMESA M&E systems that are currently under development.* The COMESA system could benefit by making use of indicators on AfT that may have already been developed. Given the diverse nature of AfT, such indicators may also need to be augmented by (systemic or ad hoc) qualitative assessment of the impact of AfT.
- **Recommendation 10:** *Beyond issues listed above, a range of linked AfT-related concerns should also continue to be reflected in the strategy and form part of an integrated approach.* Specific sub-recommendations in this regard would include (but not be limited to):
 - a. The strategy should continue to recognise the importance of building the case and lobbying for the provision of adequate AfT funding at the bilateral and multilateral level
 - b. The strategy should retain its emphasis on encouraging and working together with donors to ensure greater aid effectiveness and ownership on the part of recipient COMESA countries and implementation agencies.
 - c. Efforts to improve the dissemination of the strategy and (linked to M&E above) AfT-related information should be increased
- **Recommendation 11:** *In terms of the institutional structure that can best support improved AfT, consideration should be given to increasing the resources available to the COMAid unit at COMESA.* In addition the unit could be relocated from its current 'stand alone' position, to be better linked to or – perhaps along with other units such as M&E and resource mobilisation – integrated within a strengthened strategic planning division. This should enable it to play a even more effective role in coordinating the cross-cutting activities that fall within the scope of AfT (e.g. implementation, promoting corridor approaches, improved aid, and national-regional linkages to name a few), and better respond to the demands from member states for greater assistance in terms of preparing and implementing projects and programmes.

Annex 1: COMESA Aid for Trade Strategy 2009 – 2010

1.0 Introduction

Trade has been identified as one of the means for enhancing development in the world. Therefore the focus of many countries, regional and multilateral organisations has been to look at ways and means of facilitating the increased participation of the less developed countries in trade in order to increase their national incomes and address the development challenges that they face. These efforts have led to the identification of the Aid for Trade (Aft) Initiative at the WTO ⁹. Recommendations that followed the development of the initiative included the formulation of Aft strategies at national and regional level.

In line with the Aid for Trade initiative and also in recognition of the need to develop coherent and holistic programmes to address the challenges of the region, COMESA has developed a regional Aid for Trade Strategy.

2.0 Background of the COMESA Aft strategy

The strategy has been developed in line with the COMESA Treaty which aims at attaining sustainable growth and development of the Member States through the implementation of its regional integration and trade liberalisation agenda. It also draws on the Council Decision of May 2007 to set up the COMAid unit based on recommendations of the Ministers of Finance (April 2007). Further, the strategy is coherent with the COMESA 2007-2010 Medium Term Strategic Plan (MTSP). The next MTSP for 2011 – 2015 is under preparation and will integrate Aid for Trade.

Under the COMESA-EAC-SADC Tripartite process the three RECs have taken initiatives to harmonise their respective Aft strategies.

3.0 Underlying Principles of the COMESA Aft strategy

The Strategy has been drafted based on a number of principles:

- It is not project based (not a shopping list of projects) but result oriented (objectives to be achieved)
- it is focused: The strategy has two distinct objectives and does not cover all the five Aft categories but focuses on objectives where the regional organisation has an added value
- the COMESA regional strategy is therefore complimentary to national AFT strategies of its member states
- The Aft objectives are defined so that they can realistically be expected to be achieved within a short to medium term time frame (two years)
- the implementation of the strategy will be continuously monitored and reviewed to be adapted to progress achieved and changing environment
- the strategy is therefore a dynamic instrument and will be rolled over on the basis of reviews (2009 -2010 will become 2010-2011, etc)

⁹ <http://www.wto.org/english/tratope/devele/a4te/aid4trade.htm>

- whilst the strategy will support COMESA in mobilising additional resources to implement its mandate and agenda, the strategy is also an instrument to improve the effective and efficient programming and planning of already available resources and to develop effective, efficient and predictable regionally owned instruments for resource delivery (Contribution Agreement, COMESA Fund)

4.0 COMESA Aft Strategy Objectives

The overall objective of the COMESA Aid for Trade Strategy is to contribute to the impact, efficiency and effectiveness of COMESA Member States' trade reforms and regional integration initiatives so that they can fully benefit from regional and international trade opportunities to reduce poverty and to achieve their (MDG) development objectives.

The Regional Aft Strategy has two distinct, but coherent specific objectives:

1. Coherent packages of inter-related
 - (i) Investments in trade related infrastructures;
 - (ii) Trade development and trade facilitation instruments; and
 - (iii) Trade regulatory measures

which allow the private sector of the COMESA Member States to reduce the regional costs of doing business with and within the COMESA region.

2. COMESA Member States have access to mechanisms to address trade and integration related adjustments, including social costs.

Under each of the two objectives, a number of related **Expected Results** have been formulated, and under each Result priority activities defined. Finally, a preliminary qualitative assessment of the resources required, resources available and gaps have been initiated.

Activities will as much as possible be undertaken through already existing programmes (available resources); the programming, planning and implementation of these programmes will be improved through the Aft Strategy to provide more efficiency and effectiveness. Resource gaps will be identified and prioritised and sequenced programmes developed in a holistic manner. This will form the basis for mobilisation of additional resources. The implementation of the strategy as such draws on the approach used under the North-South Corridor Aft pilot programme which is being jointly developed under the COMESA EAC SADC Tripartite. Information on NSC financing gaps will be integrated in the Strategy on the basis of the outcomes of the NSC Conference. The proposal is to expand the NSC methodology to other "corridors"; e.g. Northern corridors, IOC maritime trade corridors (IOC Aft Strategy).

All programmes will be based on Member States strategies and priorities as reflected in National Development Plans, Integrated Frameworks and other relevant policy documents. Delivery will also build on existing trade policy coordination processes at the national level such as the NDTPF, EIF etc. Support to the COMESA Member States in developing their national level Aid for Trade strategies will be provided and complementarity with the Regional Strategy ensured (subsidiarity principle): e.g. work is initiated with Zambia on a National Aft Strategy in context of the EIF Log frame. A sub-regional Aft Strategy has been prepared with IOC that complements the COMESA Strategy and takes into consideration the islands' specificities.

5.0 Results Framework

	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE 1	SPECIFIC OBJECTIVE 2
	Within the overall framework of the COMESA-EAC-SADC Tripartite, to contribute to the impact, efficiency and effectiveness of COMESA Member States' trade reforms and regional integration initiatives so that they can fully benefit from regional and international trade opportunities to reduce poverty and to achieve their (MDG) development objectives		
		The private sector of the COMESA Member States reduces regional costs of doing business with and within the COMESA region through coherent packages of inter-related (i) investments in trade related infrastructures, (ii) trade development and trade facilitation instruments, and (iii) trade regulatory measures	COMESA Member States have access to mechanisms to address social and economic costs of trade and integration related adjustments
Result 1.1		Processes and instruments are operational for coherence and complementarity between national and regional policies that mainstream trade as tool for development	
Result 1.2		COMESA trade facilitation and trade regulatory instruments are enhanced and harmonised with SADC and EAC to more benefit private sector stakeholders	
Result 1.3		Processes and instruments are operational for strategic and long term linkages between public sector and private sector, donors and investors in identifying, planning and costing packages of well-defined COMESA AfT projects and programmes along selected Trade Corridors	
Result 1.4		Regionally owned instruments are operational to mobilise and implement support for the 'software' components of holistic projects and programmes along selected trade corridors: trade facilitation and regulatory measures	
Result 1.5		Regionally owned instruments are operational to mobilise and implement	

		support for the hardware components of holistic projects and programmes along selected trade corridors: infrastructure projects (transport, energy, telecoms)	
Result 2.1			Frameworks and capacities exist to assess the impact of trade and integration policies and the resulting adjustment needs
Result 2.2			Regionally and nationally owned instruments are operational to mobilise and deliver predictable, additional and accessible adjustment resources

RESULTS	ACTIVITIES	MEANS	RESOURCES
	GENERIC ACTIVITIES - Aid for Trade Task Force established (done) - AfT unit (COMAID) operational: ToR finalised, structure set up (organogram, staffing), annual operational budget identified and mobilised (staffing started Nov. 1, 2008) - A single, user friendly web-based database of Regional (and National) AfT project and programmes developed; - Operational linkages to SADC EAC COMESA Tripartite (harmonisation and convergence of trade and integration policies) and to IRCC (EC+ resources mobilisation); - Linkages for coordination established with relevant AUC, NEPAD, AfDB, World Bank, WTO .etc. initiatives	- long term staffing - Short term expertise - support to Tripartite institutional arrangements (RTFP and beyond) - Office equipment, software, hardware - Annual operational costs of AfT unit	- COMESA annual budgets - DfID RTFP project + expected new TradeMark projects for SA and EA regions as from October 2009 (TradeMark SA will have budget of up to 90 mio UKP over 5 years) - EDF 9 and 10 projects: RISP and IRCC Support No short term nor medium term (2015) need for mobilisation of additional resources – effort needed to ensure that detailed project planning (annual work plans) cover COMESA AfT needs
1.1 Processes and instruments are operational for coherence and complementarity between national and regional policies that mainstream trade as tool for development	- Technical meetings and meetings of Ministers of Finance/Ministers of Trade /Ministers of Infrastructure at national, sub-regional (e.g. IOC for aspects of island states) and regional level - Inter-REC coordination through SADC COMESA EAC Tripartite; - mobilise human and financial resources to support Member States in identification, formulation and implementing national AfT strategies preferably using already existing mechanisms (EIF, DTIS, NDTPF others?); ensure coherence and complementarity between national and regional AfT strategy; - Support private sector contribution in all levels of national/regional AfT dialogue through existing regional professional federations and structures;	- professional staff (Secretariat staff), - secretariat for Tripartite work - professional staff to support MS - Short term expertise and consultancies - Financial resources for MS that do not have access to EIF or others - Financial resources for missions, study tours, meetings and conferences	- COMESA annual budgets - DfID RTFP project + expected new TradeMark projects for SA and EA regions as from October 2009 (TradeMark SA will have budget est. At ... over .. years) - EDF 9 and 10 projects: RISP and IRCC Support projects – budgets of resp. 90 and 12 mio. Euro over 5 years for ESA-IO Region - Potential access to other resources e.g. World Bank Trade Facilitation Trust Fund to be launched 2009 - Resources mobilised at national levels through EIF, 10th EDF NIP plus other partners No short term nor medium term (2015) need for mobilisation of additional resources to achieve Result 1.1 – effort needed to ensure that detailed project planning (annual work plans) cover regional AfT needs and that resources are used more efficiently
1.2 COMESA trade	Undertake diagnostic to assess (relevance, impact, effectiveness and efficiency) COMESA trade facilitation and trade regulatory instruments on	- professional staff (Secretariat staff), - financial, staff support to	- COMESA annual budgets - DfID RTFP project + expected new projects for SA and EA regions as

facilitation and trade regulatory instruments are enhanced and harmonised with SADC and EAC to more benefit private sector stakeholders	selected Trade Corridors; diagnostic to include assessment of institutional, human resource and financial capacities of, and costs to, private sectors in Member States to implement Trade Facilitation instruments; - diagnostics to be launched for trade facilitation instruments such as: one stop border posts; simplification and harmonisation of customs procedures and legislation; single customs documents, harmonisation of IT systems and e-customs management systems, harmonised axle loading, harmonised vehicle dimension, harmonised road transit charges, common carriers licence, Yellow Card Scheme, regional customs bond guarantee scheme, telecom harmonisation and regulatory framework, NTB monitoring mechanism; - Compliance with harmonised regional rules and standards based on international obligations and requirements; - define and implement adjustment needs for all instruments to optimise direct impact on regional costs for private sector; - develop series of bilateral cross-border agreements based on N/S pilot project implementation experience at Chirundu; - integrate diagnostic results within each of prioritised Trade corridor packages; consult with private sector concerned on prioritisation of recommendations, on basis of costs of implementation and potential benefits for private sector trading in that corridor; - Harmonise prioritised instruments of 3 RECs (COMESA, EAC, SADC), (priority for instruments with direct impact on Private sector) - harmonisation of Customs Laws and Documents - harmonisation of road user charges - harmonisation of guidelines for vehicle overload control; vehicle equipment and dimensions; abnormal and dangerous loads; - third party/Yellow card insurance schemes - Joint training needs assessments and curriculum development - Harmonisation of RCBGS - Free movement of persons - NTB: facilitate linkages among the web-based instruments of the 3 REC	secretariat of Tripartite Task Force - professional staff to support private sector at regional and when needed national level(s) - Short term expertise and consultancies - Financial resources for missions, study tours, meetings and conferences	from October 2009 - EDF 9 and 10 projects: RISP and IRCC Support - World Bank TF Trust Fund - new USAID COMPETE programme (Competitiveness and trade expansion) – 80 mio. USD - projects to national levels (from NIP, EIF etc.) - Pan African projects in support of private sector representation (Intra ACP) No short term nor medium term (2015) need for mobilisation of additional resources to achieve Result 1.2 – effort needed to ensure that detailed project planning (annual work plans) cover regional AfT needs and that resources are used more efficiently
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	– Strengthen private sector capacity to contribute to the design and implement trade facilitation and trade regulatory instruments; Support for private sector to articulate interests		
1.3 Processes and instruments are operational for strategic and long term linkages between public sector and private sector, donors and investors in identifying, planning and costing packages of well-defined regional AfT programmes along selected Trade Corridors	• Implement N/S Corridor Pilot AfT project initiated by SADC COMESA EAC Tripartite ref. Way forward agreed on 7th April 2009 • Develop typical methodologies (based on the Tripartite N/S Corridor pilot project) for: – diagnostic of needs, involving private sector directly – identify bottlenecks to trade flows and areas of interventions along TRADE CORRIDORS in, and with, the ESA-IO region (also maritime trade corridors of IO sub-region) – design of coherent, sequenced and costed packages of interventions of projects and programmes, incl. trade facilitation, trade regulation and trade related infrastructure (infrastructure covers roads, rails, maritime and inland ports, including transit capacities, energy interconnections, telecoms) – propose steps to better exploit potentials of existing project preparation facilities – analysis of alternatives for choice of appropriate implementation mechanism for the programme package or for each or groups of components (Corridor Authority, PMU, REC Secretariat ...) – resource mobilisation for each of component • Define and sequence series of priority project/programme packages to replicate the N/S Pilot project; based on REC Policy Organs decisions and Joint decision making (Tripartite Summit Decisions of October 2008) – including maritime corridors • undertake technical, financial and economical feasibility studies and costing of prioritised packages	• professional staff (Secretariat staff) • Short term expertise and consultancies • Financial resources for missions, study tours, meetings and conferences • hard and software for GIS	• COMESA annual budgets • DfID RTFP project + expected new projects for SA and EA regions as from October 2009 • RISP under EDF 10 includes resources for project preparation facility funding for NSC and for other priority investments in transport, ICT and energy interconnections in ESA; • need to identify sufficient resources to expand methodology to trade corridors in other sub-regions not covered by DfID projects (e.g. IO maritime corridor? IGAD sub region?) • mobilise resources for project preparatory work within each trade corridor; build on existing facilities at NIP, RIP, Africa level; link to WB, AfDB, EIB etc.
1.4 Regionally owned instruments are operational to mobilise and implement support for the 'software' components of holistic projects and programmes along selected trade corridors:	• inventory of financing instruments and resources available to RECs (regional and national levels) for trade facilitation and regulatory measures; build on work done by AUC, NEPAD, AfDB, EC, WTO etc. etc. and develop user friendly web-based database • monitor donor community commitments on aid effectiveness in framework of Paris Declaration and follow up (Accra Action Plan), specifically on alignment, predictability and aid delivery through regionally owned instruments such as Contribution	• professional staff (Secretariat staff) to prepare instruments with partners • Short term expertise and consultancies • Financial resources for missions, study tours, meetings and conferences Financial resources to implement soft interventions of corridor packages	• DfID RTFP project + expected new projects for SA and EA regions as from October 2009 • EDF 9 and 10 projects: RISP and IRCC Support (new EDF 10 RISP to more substantially cover capacity building in MS) • projects to national levels (from NIP, EIF etc.)

trade facilitation and regulatory measures	Agreements, EAC Partnership Fund, EC/EU MS co-financing modalities under EDF-10, World Bank regional integration assistance strategy etc. • further develop initiatives with cooperating partners on effectiveness and efficiency of aid delivery instruments (e.g. fungibility of CA resources with budgets of RO; develop administrative frameworks for long-term multi-source interventions as ADB RCIF and RCI Trust funds for grant aid mobilisation); • mobilise grant aid and concessional loans for the implementation of the “software” of the AfT programme packages; analyse for each component the most appropriate implementation modality; • organise donor information and donor pledging meetings on specific AfT packages developed under 1.3		No short term nor medium term (2015) need for mobilisation of additional resources to ensure COMESA capacity to implement activities by COMESA to achieve Result 1.4 – need to ensure that detailed project planning (annual work plans) cover regional AfT needs But efforts needed to mobilise resources for the actual implementation of SOFT interventions along selected trade corridors; through pledging conferences meeting as planned for Pilot N/S Corridor in April 2009 – investment requirements to be defined for each ‘corridor’ individually on case by case basis
1.5 Regionally owned instruments are operational to mobilise and implement support for the hardware components of holistic projects and programmes along selected trade corridors: infrastructure projects (transport, energy, telecoms)	• inventory of financing instruments and resources available to Member States (regional and national levels) for trade related infrastructures; build on work done by AUC, NEPAD, AfDB, EC, WTO etc. etc. and develop user friendly dynamic database • operationalise the COMESA Infrastructure Fund (CIF) as instrument of reference to mobilise and deliver combination of grants and private investments; liaise with process to establish Tripartite Fund as well as EAC and SADC development funds to address issue of duplication of efforts and inefficiencies related to multiplicity of regionally owned instruments • develop (on basis of N/S Corridor Pilot project) methodology for setting up and managing properly sequenced cross-border Private Public interventions; • mobilise grant aid, concessional and non-concessional loans and private equity investments for the implementation of the “hardware” of the AfT programme packages; analyse for each component the most appropriate implementation modality (SPV, BOO, etc.) • organise donor information and donor pledging meetings on specific AfT packages developed under Result 1.3	• professional staff (Secretariat staff) to prepare instruments with partners, donors, IFI, investors • Short term expertise and consultancies • Financial resources for missions, study tours, meetings and conferences • Financial resources to implement physical investments in corridor packages (COMESA Infrastructure Fund)	• COMESA annual budgets • DfID RTFP project + expected new projects for SA and EA regions as from October 2009 • EDF 9 and 10 projects: RISP and IRCC Support • projects to national levels (from NIP etc.) No short term nor medium term (2015) need for mobilisation of additional resources to ensure COMESA capacity to implement COMESA activities to achieve Result 1.5 – need to ensure that detailed project planning (annual work plans) cover regional AfT needs But efforts needed to mobilise resources for the actual implementation of INFRASTRUCTURE investments along selected trade corridors; through pledging conferences meeting as planned for Pilot N/S Corridor in April 2009 – investment requirements to be defined for each ‘corridor’ individually on case by case basis • Total funding needs of NSC amount to (ref. Conference

			report):trade facilitation and admin changes: 20.35 mio USD - road infrastructures: 9.8 bio USD (20 years including maintenance costs) - rail: 810 mio USD - ports: 430 mio USD
2.1 Frameworks and capacities exist to assess the impact of trade and integration policies and the resulting adjustment needs	- work (with cooperating partners) on definitions and calculation modes - Develop capacities to support member states at national level in assessing adjustment impacts and addressing adjustment needs - agree within RECs and with cooperating partners on the priority types of adjustments to be delivered: - fiscal adjustment - trade facilitation and export diversification adjustment - production adjustment - skills development and productivity adjustment - develop regional and national capacities to address transboundary challenges such as transmission of communicable diseases, migrations, environmental degradation ... - Define most effective (aid effectiveness) modalities and instruments for various types of regionally delivered adjustment support	- professional staff (Secretariat staff) to develop methodologies with partners and member states - Short term expertise and consultancies - Financial resources for missions, study tours, meetings and conferences	EDF 9 and 10 projects: RISP, RISM and IRCC DfID RTFP project; and successor TradeMark projects for EA and SA regions No short term nor medium term (2015) need for mobilisation of additional resources to ensure COMESA capacity to implement COMESA activities to achieve Result 2.1 – need to ensure that detailed project planning (annual work plans) cover regional AfT needs
2.2 Regionally and nationally owned instruments are operational to mobilise and deliver predictable, additional and accessible adjustment resources	- inventory of financing instruments and resources available to REC Member States (regional and national levels) for trade related adjustments; build on work done by AUC, NEPAD, AfDB, EC, WTO etc. etc. and develop user friendly dynamic database - Develop methodologies including assessing potential for REGIONAL instruments versus national adjustment deliveries; - implement RISM contribution agreement - develop way forward for COMESA Adjustment Facility and operationalise Adjustment Facility, including on basis of RISM experiences; and mobilise resources - Develop capacities to support member states at national level in defining and negotiating effective delivery instruments with donors	Financial Resources for the COMESA Adjustment Facility	EDF 9 and 10 = RISM Considerable EDF, WB other resources needed to supply the CAF to assist Member States (needs assessments to be done)

6.0 COMESA Aid for Trade Unit (COMAid)

A dedicated unit was established by Council Decision of May 2007 and has been set up within the Secretariat in November 2008.

The functions and activities of the COMAid Unit are defined to ensure the implementation, by the COMESA Secretariat, of its responsibilities within the ESA-IO Regional Aid for Trade Strategy. The Unit works with the relevant operational divisions within the COMESA Secretariat and primarily builds on ongoing programmes and activities and ensures proper co-ordination to achieve the objectives of the regional AfT strategy.

Because of this co-ordination role, the COMAid Unit will be attached directly to the office of the Assistant Secretary General (Programmes). The Unit will, however, operate under the overall responsibility of the Secretary General.

Annex 2: Indicative List of Documents and Reports Consulted for this Report

A. Provided by the COMESA Secretariat

COMESA Aid for Trade Strategy

COMESA Medium Term Strategic Plan (MTSP) 2011-15, 'Towards an Integrated and Competitive Common Market'

COMESA Annual Report 2010 (19 Feb 2011)

COMESA Council of Ministers Reports / COMESA Council Decisions

COMESA Infrastructure Ministers Meeting Reports

COMESA Intergovernmental Committee Reports

COMESA Trade and Customs Committee Reports

Infrastructure: Report on NSC presented at last Tripartite meeting; Report on Corridors for last preparatory meeting for donors, in context of upcoming donor roundtable

IOC Regional Aid for Trade Strategy 2009-11 (29 Jan version)

Mangeni (Aug 2010) 'Regional Integration in COMESA: State of Play and Challenges'

Mid Term Review of the RISM (and Annex)

Resource Mobilisation Unit: Donor Matrix (March 2011 and one from 2008, 2009 and 2010) and Resource Mobilisation Strategy

Tripartite Secretariat (2011) 'Brief on Preparations for the Tripartite FTA'

USAID Implementation (IPAA) Letter

Various Documents on work on the Agricultural Sector from the CAADP Secretariat

Various Documents on the RISP programme

Various documents on the Aid for Task Force and COMAid Unit

B. Aid for Trade Case Studies, Monitoring Reports and Evaluation

WTO/OECD 'Aft at a Glance' reports and relevant Case Studies for the 2011 report

EC Aft Monitoring Reports

EDF9 RIP Evaluation, RISP Evaluation and RISM Evaluation

About ECDPM

ECDPM was established in 1986 as an independent foundation to improve European cooperation with the group of African, Caribbean and Pacific countries (ACP). Its main goal today is to broker effective partnerships between the European Union and the developing world, especially Africa. ECDPM promotes inclusive forms of development and cooperates with public and private sector organisations to better manage international relations. It also supports the reform of policies and institutions in both Europe and the developing world. One of ECDPM's key strengths is its extensive network of relations in developing countries, including emerging economies. Among its partners are multilateral institutions, international centres of excellence and a broad range of state and non-state organisations.

Thematic priorities

ECDPM organises its work around four themes:

- Reconciling values and interests in the external action of the EU and other international players
- Promoting economic governance and trade for inclusive and sustainable growth
- Supporting societal dynamics of change related to democracy and governance in developing countries, particularly Africa
- Addressing food security as a global public good through information and support to regional integration, markets and agriculture

Approach

ECDPM is a "think and do tank". It links policies and practice using a mix of roles and methods. ECDPM organises and facilitates policy dialogues, provides tailor-made analysis and advice, participates in South-North networks and does policy-oriented research with partners from the South.

ECDPM also assists with the implementation of policies and has a strong track record in evaluating policy impact. ECDPM's activities are largely designed to support institutions in the developing world to define their own agendas. ECDPM brings a frank and independent perspective to its activities, entering partnerships with an open mind and a clear focus on results.

For more information please visit www.ecdpm.org

ECDPM Discussion Papers

ECDPM Discussion Papers present initial findings of work-in-progress at the Centre to facilitate meaningful and substantive exchange on key policy questions. The aim is to stimulate broader reflection and informed debate on EU external action, with a focus on relations with countries in the South.

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