From Legal Commitments to Practice

Monitoring Economic Partnership Agreements

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www.ecdpm.org/dp79

Discussion Paper No. 79
October 2007

ecdpm
European Centre for Development Policy Management
Centre européen de gestion des politiques de développement

From legal commitments to practice:
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Acknowledgements

This paper brings together some of the insights that the European Centre for Development Policy Management (ECDPM) has gained through its work with the German Development Institute (DIE) and other partners on the monitoring of EPAs. It draws from and builds on the results of a study conducted together with DIE for the German Federal Ministry for Economic Cooperation and Development (BMZ), which is soon to be published. We gratefully acknowledge the financial contribution of BMZ to this work. Thanks to the generous core-funding support received from the Netherlands, the UK, Sweden, Belgium, Switzerland, Ireland, Luxembourg, Finland and Portugal, the ECDPM has also been able to contribute resources of its own to this project. Further information on the monitoring of EPAs may be found at: www.ecdpm.org/trade/epamonitoring.

Abbreviations

ACP	African, Caribbean and Pacific
AfT	Aid for Trade
CPA	Cotonou Partnership Agreement
CSO	Civil-society organisation
DIE	German Development Institute
EDF	European Development Fund
EPA	Economic Partnership Agreements
EU	European Union
JMTC	Joint Ministerial Trade Council
JPA	Joint Parliamentary Assembly
M&E	Monitoring and evaluation
MM	Monitoring mechanism
MP	Member of Parliament
NDTPF	National Development & Trade Policy Forum
NMC	National Monitoring Committee
NSA	Non-state actor
PRSP	Poverty Reduction Strategy Paper
RSC	National Steering Committee
RSC	Regional Steering Committee
RTC	National Technical Committee
RTC	Regional Technical Committee
SIA	Sustainable Impact Assessment

Introduction

As the contours and implications of the Economic Partnership Agreements (EPAs) between the European Union (EU) and the African, Caribbean and Pacific (ACP) countries gradually emerge, it is becoming clear that careful consideration needs to be given to the challenges of their implementation, which is in principle due to start in 2008.

Although people are growing more aware of the importance of monitoring the implementation and impact of EPAs, little thought has been given so far to the possible details of a monitoring mechanism. The ECDPM has engaged in and encouraged debate on this issue, with its partners and through a consultative process. In view of the imminent deadline for the conclusion of the EPAs, and the information needs of the negotiating parties and the many different actors involved, this paper seeks to share the key conclusions and recommendations emerging from this work (see Box 1).

Section 1 briefly describes four key questions relating to the shape of a future monitoring mechanism. Section 2 proposes key recommendations and options for what to include in the text of an EPA or an attached protocol on the monitoring of the agreement. The points covered are the objectives and principles, key functions, scope, institutional aspects, methods and procedures. A number of options are suggested for each of these points. Section 3 focuses on the process of setting up an EPA monitoring mechanism. Finally, Section 4 proposes a road map with a number of concrete steps during the period after an EPA has been signed.

Box 1
Monitoring Economic Partnership Agreements: inputs for negotiations and beyond

In collaboration with the German Development Institute (DIE), the European Centre for Development Policy Management (ECDPM) launched a study to inform the debate on how best to monitor the EPAs. This study, which is due to be published in the autumn, makes specific recommendations on how various options for monitoring EPAs could be included in their texts and subsequently operationalised.

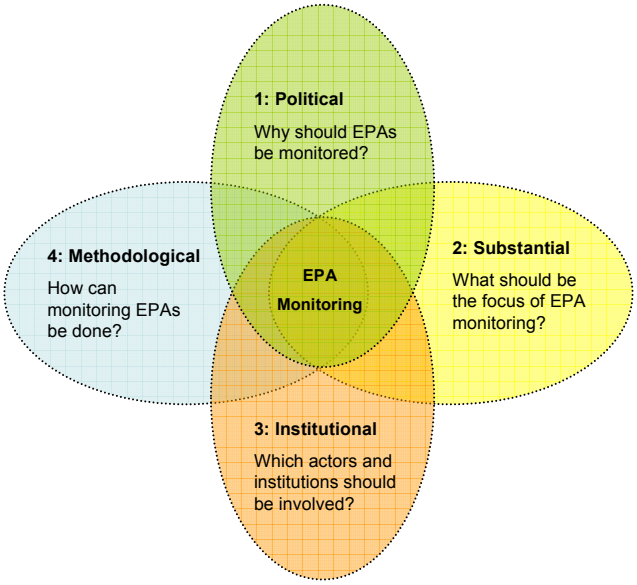
The study builds on work previously performed by the ECDPM, resulting in "Bilal, S and F. Rampa (2006): *Designing a monitoring instrument for Economic Partnership Agreements: Methodical issues*, GTZ Eschborn". (www.gtz.de/de/dokumente/en-EPA-monitoring-instrument-2006.pdf), summarised in "Bilal. S, F. Rampa, F. Jerosch and D. Makhan (2007): *How to Approach the Monitoring of the ACP-EU Economic Partnership Agreements: An Overview*, ECDPM InBrief 18, Maastricht: European Centre for Development Policy Management (ECDPM) www.ecdpm.org/inbrief18".

This Discussion Paper goes beyond the study by describing and visualising some of the key options in greater detail, and by suggesting a possible road map for establishing and implementing a process for monitoring EPAs. All documents and additional information on this project are available at www.ecdpm.org/trade/epamonitoring.

1 Four key questions for monitoring EPAs

The key messages in this paper follow from an in-depth exploration of the following four dimensions:

Figure 1: The four dimensions of monitoring



1.1 Why monitor EPAs?

There are different reasons for monitoring EPAs.[1] Providing that negotiations are successfully concluded, most stakeholders agree on the need for closely monitoring the implementation of EPAs and their impact, to ensure that they effectively deliver on their development promises. Monitoring should provide evidence of:

(a) the actors' capacity to implement EPAs in a way that benefits them,
(b) compliance with the commitments made,
(c) the outcomes and impacts of the EPAs.

The results of monitoring should inform national, regional and ACP-EU policy processes (including the policy on EU development assistance) and should trigger adjustment and remedial measures.

1.2 What should be monitored?

Besides having a range of different purposes, EPA monitoring may also differ greatly in terms of coverage and focus. Three key factors need to be taken into account here:

(a) the contents of the agreement (as well as related commitments and strategies);
(b) the context (i.e. economic conditions, institutions, policies and existing capacities);
(c) the actors involved (and the interests and expectations that each represents).

[1] Based on recent official reports and statements on EPA monitoring, we define EPA monitoring as the systematic collection of data by various means, allowing:
(a) to check whether the signatories are complying with the terms of the agreement;
(b) to establish whether the agreed policies and measures are indeed being implemented;
(c) to provide a plausible indication of the degree to which an EPA is having the desired positive impact in terms of trade and development, as set out both in the EPA itself and in the Cotonou Partnership Agreement. This includes tracking undesired effects and impacts and notifying EU and ACP decision-makers accordingly.

Based on these factors, a monitoring mechanism could cover the following aspects:

(i) The ***capacity to implement*** EPAs. In order to ensure that EPAs are properly implemented, the parties need to monitor the capacity of the various stakeholders to comply with the provisions of the agreement, benefit from them and put the relevant accompanying measures in place. This would also help to identify capacity-building needs.
(ii) The ***implementation of EPA provisions*** (including on development cooperation). The parties need to monitor the implementation of EPA provisions, including those on development cooperation and capacity-building.
(iii) ***Impacts and outcomes of EPAs***. Monitoring the results of EPAs should be an activity that triggers certain policy adjustments, the formulation of appropriate accompanying measures and possibly the amendment of certain terms, where relevant.
(iv) The ***enabling environment***. EPAs are not enforced in a vacuum and thus have to be seen in a broader context, which ideally should be enabling. Accompanying domestic measures need to be adopted so as to ensure that EPAs deliver on their objectives. Appropriate adjustment measures as well as framework conditions will have to be monitored, too.

A monitoring exercise will most likely be a mix of the above areas. These are interlinked and differ from one region and country to another, reflecting differences in national and regional contexts and priorities.

Obviously, the broader the scope of the monitoring exercise, the more complex and costly it will be to perform and analyse. For this reason, it will be necessary to prioritise the areas to be monitored, so as to focus on essential issues only. In doing so, it will be opportune to rely as much as possible on existing reliable data collection processes and to develop and improve data collection where necessary. We also recommend sequencing monitoring and broadening (or shifting) its scope over time. Monitoring activities might also usefully be clustered by category, so as to create synergies. Moreover, stakeholders should try and reach collective decisions on the value of generating and analysing monitoring information at national or regional level, in accordance with the principle of subsidiarity.[2]

1.3 How should EPAs be monitored?

The methods used for collecting and analysing monitoring information can be selected and refined once agreement has been reached on the focus, contents and purpose of monitoring.[3] Although it will be possible to rely on existing monitoring sources,[4] additional indicators will have to be designed specifically for monitoring EPAs. These should be defined along participatory lines.

The choice of approach used may differ from one region or country to another and different areas will require different methods of identifying impact chains (i.e. causal links), indicators and approaches for collecting evidence. Moreover, the final decision on which methods to use will also depend on the availability of data and the analytical capacities in each country and region. In many countries, a major aspect of the monitoring exercise will involve collecting and generating relevant data that are not yet readily available. The quality of the data collected will also have to be checked. It is essential that the data be reliable . The possibility of performing comparative assessments of

[2] Under the principle of subsidiarity, only those monitoring tasks should be performed at a regional level that cannot effectively be performed at a national level.
[3] The result-chain approach could provide the methodological 'umbrella' for EPA monitoring, as it allows for quantitative and qualitative data to be gathered and amassed in the context of the complex causal relations relating to the partnership agreements. Adequate participation of key actors during the formulation of such a result chain is key to fostering consensus on the way in which data are interpreted.
[4] Examples include the Kenyan National Integrated Monitoring and Evaluation system for national policies, various Poverty Reduction Strategy monitoring mechanisms and regional integration monitoring systems.

monitoring outcomes in different ACP countries and regions depends on the quality of the data and the adoption of sound analytical methods. To this end, regional coordination will be needed to ensure that national monitoring exercises can be brought together to assess EPAs at a regional level.

1.4 What stakeholders should be involved, and what sort of institutional framework is needed?

EPAs are ambitious agreements with a broad outreach. Their implementation will thus affect a large number and variety of stakeholders in EU and ACP countries, including regional and national state and non-state actors, as well as the population at large. Besides the challenge of identifying methods that allow for consultation and ideally for participation of representatives of these stakeholders, it will be crucial to determine the relationships between key actors and institutions involved in EPA monitoring. Clearly, the range of actors involved in the monitoring of EPAs should go beyond the official signatories and should also include parliamentarians, the private sector and civil society, alongside government officials.

A special effort needs to be made to ensure that vulnerable groups can participate in the monitoring process and can benefit from its results. Given that actors may sometimes have to bear high opportunity costs to participate, evidence that their inputs are taken into account in the monitoring and decision-making process will be important to encourage them to further improve their capacities and set aside resources for participation.[5] The ultimate objective is that the involvement of different actors in 'formal monitoring' will help to create ownership and foster the development-oriented implementation of the EPAs.

The broader the scope of the monitoring exercise, the stronger the need to establish synergies with other (existing) policy monitoring mechanisms at national and regional levels. Besides avoiding duplication and unnecessary demands on ACP national or regional administrations and relevant non-state actors, this will also raise the efficiency of monitoring while reducing its cost. In any case, a complex and heavy institutional design should be avoided, as this would obstruct the timely production and interpretation of information and hamper decision-makers from acting in response to monitoring results.

1.5 How should an effective EPA monitoring mechanism be framed?

In view of the importance of the EPA monitoring exercise, it is judicious for the parties not to leave this issue out of their negotiations on the form and contents of EPAs. Instead, they should enshrine the key principles of a monitoring framework in the text of each agreement. This will not only make it easier to undertake the monitoring exercise once the agreements have been signed, it will also be a valuable tool for political decision-makers. It could also help to reduce the risks of endless debates on the purpose, scope, conduct and use of monitoring, in a context that is already very politically sensitive.

The first task is thus to identify those features that should be included in the text of an EPA or a protocol on monitoring. If this is not feasible, a protocol on the monitoring of the EPA could be attached to the agreement, possibly at a later stage. Once an agreement has been signed or the protocol on monitoring agreed upon, various steps will need to follow in order to create mechanisms that will enable the implementation and impacts of the EPA to be monitored.

Drawing on the above discussion of the four key points that should be borne in mind when debating an EPA monitoring mechanism, the following sections contain general recommendations on the features that should be included in the text of the agreement and on the type of process that is required to operationalise the monitoring mechanism.

[5] Besides 'official' monitoring efforts, additional 'shadow monitoring' initiatives by different interest groups should be encouraged and, where possible, supported.

2 Key recommendations and options for the inclusion of provision in the text of EPAs

In order to establish an effective and practical monitoring mechanism, it is important that the design and process of monitoring be carefully thought out. At the same time, a monitoring mechanism must remain flexible and capable of adapting to unforeseen and changing circumstances.

In deciding what monitoring clauses to include in the text of an EPA or a protocol on monitoring to be annexed to the agreement, the key consideration should be to pave the way for the creation of a credible, transparent, workable and effective monitoring mechanism. Provisions should therefore be included on:

(1) the principles of monitoring;
(2) the main purposes of monitoring;
(3) the scope of monitoring;
(4) the use to be made of the findings of monitoring;
(5) the basic institutional setting for monitoring;
(6) the related cooperation and development assistance;
(7) an indication of the possible methods and procedures to be followed.

The following section sets out the aims of, and the options available for, each of these seven points.[6]

When discussing such different elements (e.g. principles, key functions, etc.), a choice will have to be made firstly as to whether or not to include clauses or groups of clauses on each specific point, as recommended in this paper. The parties will also need to agree on the level of detail. A balance inevitably needs to be struck between specificity on the one hand and flexibility on the other.

Table 1 at the end of this section summarises the recommendations, and highlights key provisions and principles that should be a feature of every EPA agreement.

2.1 Provisions for an EPA or a Protocol

2.1.1 Principles of monitoring

Basic objective

Monitoring is required in order to scrutinise the implementation of an EPA and ensure that it generates positive outcomes. To ensure that a monitoring mechanism is fully operational and effective in good time, we recommend contractualising both parties' commitment to monitoring implementation and the results of EPAs in line with agreed principles.

[6] Further details and examples of each of these points are given in the Annex.

Options

There are various ways of contractualising the principles of monitoring and various points in the agreement where this could be done:

(i) The introduction or preamble could refer to the need to regularly monitor implementation and outcomes.

(ii) A monitoring chapter could contain detailed provisions on the design, institutions and functions of monitoring.

(iii) Relevant chapters could explicitly refer to the need for monitoring.

Information could be provided on the basic features of the monitoring exercise (e.g. ownership, transparency, mutual accountability and participation). The principles could either be new or based on those agreed in the broader ACP-EU cooperation framework (as set out in the Cotonou Partnership Agreement (CPA)).

2.1.2 Main purposes of monitoring

Basic objectives

In order to prevent monitoring from becoming an end in itself, agreement should be reached on the purposes and related functions of an EPA monitoring mechanism. Defining the main purposes of monitoring in the text of the EPA enhances the credibility of the monitoring exercise. The clause(s) in question should clarify the main purposes of monitoring (in terms of compliance or impacts) and specify how the parties will use the results of the monitoring exercise, by feeding them into policy-making processes.

Options

A clause on the key functions of monitoring could be formulated in relatively vague terms. It might state only the general functions of monitoring (such as control, learning and accountability) or its broad overall objectives (such as facilitating the implementation of the EPA and other policy changes in a manner that fosters the sustainable development of ACP countries).

Alternatively, it could be more specific. This would mean stating the specific functions of monitoring, as well as the implications of monitoring for the EPA policy cycle, from the identification of problems (i.e. information-gathering) to information analysis and an assessment of the future policy changes that are required (i.e. decision-making by the parties). The functions could be restricted to information-gathering only, to information analysis, or to both.

2.1.3 Scope of monitoring

Basic objectives

By defining the scope of monitoring in the text of the agreement, both parties would commit themselves to comprehensively monitoring the implementation and impact of EPAs. This is far more than simply a question of monitoring compliance. Defining the scope of monitoring will also help to

clarify what exactly should be monitored, rather than leaving this to the interpretation or discretion of one of the parties.

Options

(i) The text could explicitly state that compliance with and the impact of the EPA will be monitored, as well as the capacity development needs of the stakeholders and the progress they are making. The text could also state the need to monitor framework conditions that influence the implementation of EPAs and the benefits that the ACP countries can draw from them.

(ii) Another option is to have a formal monitoring process defined in the agreement, while outsourcing certain aspects to independent institutions (e.g. compliance to be monitored by government bodies and the impact on certain sectors to be monitored by independent bodies). This could imply only including clauses on those areas that are monitored by official EPA monitoring bodies. The subjects contractualised in an EPA could include:

(a) the capacity to implement EPAs (i.e. capacity to comply with EPA commitments);
(b) the implementation of EPA provisions (including those on development cooperation);
(c) impacts and outcomes of EPAs;
(d) the enabling environment.

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

2.1.4 Use of results

Basic objectives

It is crucial that the results of monitoring are fed back into the design and implementation of the agreement or accompanying measures. Defining the 'response' dimension of monitoring – e.g. the way monitoring results are used to trigger adjustments, safeguards or accompanying measures – in a legally binding manner would help raise the effectiveness and credibility of the monitoring process, and hence of the EPA itself. It could also alleviate fears that the parties might not address the potentially adverse effects of an EPA (in terms of non-compliance or its impact on development, for instance).

Options

The response dimension could be defined either in the monitoring chapter itself or in relevant sections (e.g. on safeguards and accompanying measures) that refer to the results of monitoring activities. Monitoring could specifically inform the application of built-in flexibilities such as safeguards or trade-related assistance. The results of monitoring could also feed into periodic formal reviews of the EPA.

The monitoring results could also be used for enhancing transparency and raising public awareness. The monitoring reports could be forwarded, for example, to national parliaments and the press.

2.1.5 Basic institutional setting

Basic objectives

Stipulating the institutional setting in the text of the agreement allows the parties to define a structure that paves the way for stakeholder participation and creates the necessary conditions for ownership and credibility. The parties should therefore identify an institutional framework for the political supervision of the monitoring exercise and the use of its results, and possibly for the conduct of monitoring and the consultation process revolving around it. The text of the EPA or protocol on monitoring could also specify the respective roles and responsibilities of the various institutions and stakeholders involved in EPA monitoring at the national, regional and joint ACP-EU levels.

Options

(i) One option would be for a Joint EPA Council and its sub-committees (one for each region) to be given responsibility for all EPA implementation functions, including monitoring.

   (a) The European Commission initially proposed establishing a Joint EPA Council at ministerial level for each regional EPA, with different sub-committees, i.e. a Trade Committee (called an 'Implementation Committee'), a Development Committee, a Parliamentary Committee and a Non-State Actors Committee (called a 'Consultative Committee').

   (b) The EU Council has suggested not making any distinction between trade and development and has proposed setting up a Joint Implementation Committee that is responsible for both (including monitoring).

(ii) A Joint EPA Council could instruct the regional and national authorities to identify (or establish, if new) appropriate monitoring institutions, give them directions to follow for operational monitoring and then jointly consider how to implement the recommendations made in the monitoring reports. The regional bodies could be responsible for harmonising national monitoring.

(iii) Another option is to simply refer to the need for regional coordination without defining any new or responsible institutions. This would have the advantage that the institutional framework for an EPA monitoring mechanism could be tailored to the specific needs and capacities of the region in question.

(iv) A national framework could be defined in the agreement, with national monitoring bodies (i.e. government bodies, NSAs or parliaments) presenting their results to the regional body and the joint EPA Council and affiliated institutions. In this case, the roles of the various national institutions and the actors represented on the monitoring bodies (or task forces) could be specified.

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

(vi) Some commentators have proposed the creation of a regional entity or observer body to take charge of monitoring (and possibly regional integration), as a means of underlining the impartiality of the monitoring process.

(vii) Others have proposed specific types of institutions to represent the interests of specific actors (e.g. civil society and the private sector), with more or less formal roles in relation to implementation and monitoring.

2.1.6 Cooperation and development assistance

Basic objectives

Monitoring is a costly exercise and resources and capacity in ACP countries and regions are highly constrained. Against this background, the text of an EPA or protocol on monitoring may contain provisions on EU assistance with monitoring, including assistance with the establishment of national monitoring frameworks, the participation of different actors, and the collection and processing of monitoring data.

Options

Development assistance to enable ACP countries to conduct monitoring exercises could be sourced from the Joint EU Aid for Trade (AfT) Initiative or the European Development Fund (EDF). Clauses on development assistance for monitoring capacity could be formulated in relatively vague terms. They might include a reference to capacity-building assistance in the context of the AfT Initiative or be part of a specific development or monitoring section and thus be a formal component of EPA implementation. The parties might also decide to clarify in the text of the EPA the links between EDF financing, the Joint EU AfT Strategy and assistance with monitoring. If the scarcity of resources precludes capacity-building support for all actors, the text could include provisions on assistance for high-priority actors or actions.

2.1.7 Methods and procedures

Basic objectives

The parties should commit themselves to a sound, evidence-based approach to monitoring and analysing its results. Laying down the basic methodological approach and procedures for the operationalisation of a monitoring mechanism should guarantee its practical employment. In addition, agreeing on methods and quantitative and qualitative indicators and targets (for comparing EPA outcomes with development objectives) would help to formalise the monitoring results within a jointly agreed framework and thus promote an evidence-based interpretation (which might otherwise become polemical and overly political).

Options

Methods, procedures and indicators could be:

(i) omitted from the text of the agreement, on the understanding that the parties will discuss them in the relevant fora during the implementation stage;

(ii) defined after the agreement has been signed, but with the parties making a joint commitment in the form of a clause in the EPA stressing the importance of an evidence-based approach to monitoring and perhaps listing the institutions that are responsible for designing it (by an agreed deadline);

(iii) agreed beforehand and included in a protocol to or an annex to the agreement.

2.2 Key recommendations

The following table highlights our key recommendations on provisions that should be included in the text of any EPA. It also summarises key opportunities and challenges; these are discussed in more detail in the Annex.

Table 1 Recommendations for monitoring clauses for the text of an EPA or a Protocol

Dimension	Recommendations	Opportunities	Challenges
1. Principles of monitoring	Parties should commit themselves to the establishment of a credible, practical and effective monitoring mechanism, in line with the principles of ownership, transparency, mutual accountability and participation The monitoring mechanism must remain flexible and capable of adapting to unforeseen and changing conditions	Agreeing on the main principles may help to prevent the monitoring process from becoming politicised Agreeing on the main principles helps to integrate the monitoring process into the mainstream of EPA implementation	Policy space and flexibility may be reduced. Risk of duplication of efforts Principles (i.e. transparency, participation and flexibility) may be overambitious and hence impractical
2. Key functions	The monitoring mechanism should seek to ensure that parties have the capacity to implement and take advantage of EPAs, while overseeing compliance with the commitments made and assessing the effects of their implementation The monitoring mechanism is intended both to identify problems (information gathering) & assess the changes required (information analysis)	Establishing a credible monitoring mechanism Clearly identifying its role and functions Preventing the proliferation of shadow monitoring mechanisms Information analysis may lower the risk of the information collected being subjected to political interpretation or interpretation in accordance with vested interests	Less scope for policy changes and flexibility Insufficient resources and capacities for performing all the functions Too costly to do both information gathering and information analysis
3. Scope	a) compliance + b) impacts + c) capacity development needs + d) framework conditions (for EPAs) will be monitored Monitoring mechanism to cover trade(-related) indicators and development objectives Precise details of the monitoring mechanism should be specific to each agreement Prioritisation required, based on national and regional development strategy, data collection capacity and human resources capacity	At least tracking of undesired effects and impacts Monitoring a-d with the aid of a commonly agreed mechanism likely to be less cumbersome, controversial and political Ensuring that the development dimension of EPAs is not overlooked or left open to interpretation Reality-check and effective prioritisation can curb excessive ambitions or expectations	Development impacts are difficult to measure due to doubts about causal links Parties may argue about causal links (attribution gap) Overlaps with other policy monitoring mechanisms at national and regional levels Difficult to agree on exact scope by end of negotiations Scope too broad for available resources and capacities
4. Use of results	The results of monitoring should feed into EPA-related national, regional and ACP-EU policy- making processes. The results of monitoring should trigger adjustments and remedial measures: periodic formal reviews and evaluation of EPA The results of monitoring should inform the application of built-in flexibilities such as safeguards and development assistance provided by the EU The results should be used for accountability and public information purposes (by forwarding the reports to national parliaments, media and other interested parties)	Raising the effectiveness and credibility of the monitoring mechanism Incentive for actors to engage Implementation of the EPA is facilitated, less cumbersome, controversial and political	Can the parties effectively monitor themselves? Monitoring remains a controversial exercise whose outcomes are politicised

5. Basic institutional setting	Create synergies with other (existing) policy monitoring mechanisms at national and regional levels, and with existing joint ACP-EU institutions where appropriate The monitoring mechanism should involve not only government officials, but also parliamentarians, the private sector and civil-society representatives The respective roles and responsibilities of the various institutions and stakeholders involved in national, regional and joint ACP-EU monitoring bodies should be specified Monitoring should be conducted at both regional and national levels, with a division of responsibilities in accordance with the principle of subsidiarity The institutional setting should be designed to be 'light'	Avoiding duplications and the imposition of unnecessary demands on ACP countries Raising the efficiency of monitoring while reducing its cost Guaranteeing credibility, accountability and ownership Outsourcing parts of the monitoring process Timely production of information and smooth functioning of monitoring mechanism	Available resources and capacities not sufficient for certain stakeholders Reduced institutional flexibility
6. Related cooperation and development assistance	Investments should be made in capacity-building both in ACP countries and within the EU Assistance should be provided at both national and regional levels Categories of assistance: establishment of national monitoring frameworks, participation of different actors, and collection and processing of monitoring data Representatives of vulnerable and marginalised groups should be involved in the monitoring mechanism or should be able to make use of the results of the monitoring process Possible sources: EU Joint AfT initiative and EDF	Raising the credibility of the monitoring mechanism by addressing problems of low data quality and availability in most ACP countries Own investment in capacity- building strengthens commitment to serious monitoring process Assistance with actors' participation raises credibility of monitoring mechanism	Development resources used for monitoring may be diverted away from other key areas of EPA support The agreed assistance may not be delivered in good time to ensure the smooth operation of the monitoring mechanism
7. Possible methods and procedures	Evidence-based approach Participatory approach at national and regional levels Different methods should be used for different regions and countries and for different areas to be monitored Improve quality of data collection and strengthen analytical capacities Procedures should be put in place to ensure that the establishment of a monitoring mechanism receives a practical follow-up, at least naming institutions that are responsible for fleshing out the mechanism (by an agreed deadline) Impact chain analysis should be used, as this is a useful tool for monitoring EPAs and assessing causal links	Ensuring the monitoring mechanism is operationalised (as simply agreeing on its principles and functions may not be enough) Formalising monitoring results within a jointly agreed framework and thus promoting evidence-based interpretation and analysis Preventing the monitoring process from becoming too polemical and political and its results contestable	Difficult to agree on methods and indicators that are valid for all parties before the conclusion of negotiations Available resources and capacities may be not sufficient for certain methods Specifying methods and procedures may reduce operational and institutional flexibility

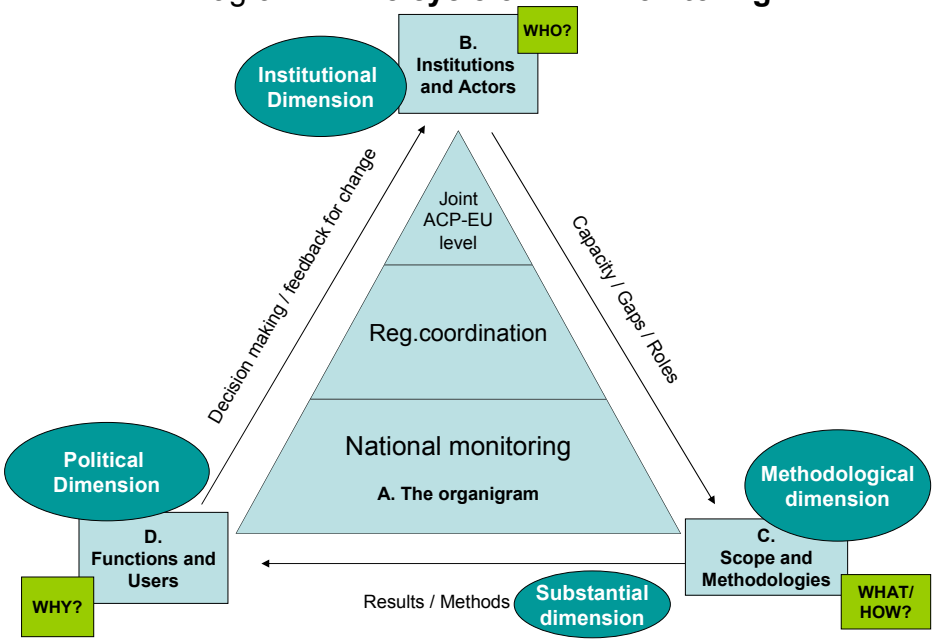
3 The process of operationalising EPA monitoring mechanisms in ACP countries

Bearing the above options in mind, various steps should be taken after an EPA has been signed to ensure that the monitoring mechanism is both operational and effective. The tentative list of suggestions given below would also help to strengthen the ownership and transparency of the EPA implementation process as a whole.

Once the parties have agreed on the necessary legal basis, functions and basic features and laid these down in the text of the EPA, a credible monitoring mechanism needs to be put in place. This requires a wide-ranging dialogue and participatory process paving the way for decisions on a range of operational aspects. The diagrams included below are intended visualise the suggestions made for this process.

As we have already made clear in Section 1, there are four key dimensions involved in designing a monitoring mechanism: political, substantive, institutional and methodological. Operationalising a monitoring mechanism therefore entails a complex mapping of politics, evidence, actors and methods, as illustrated in Diagram 1:

Diagram 1: **The cycle of EPA Monitoring**



This diagram shows how the four dimensions (represented by the circles in Figure 1) could interact, both in terms of *decisions* to be made on EPA monitoring (i.e. the questions in the small squares) and in terms of the *sequencing and results* of such an exercise (i.e. the arrows connecting the rectangles). The pyramid illustrates that, at the centre of these interactions, monitoring should be a process involving the three levels of decision-making relevant to an EPA: national, regional and ACP-EU. National monitoring frameworks should be coordinated at a regional level in the context of each EPA configuration and should then feed into EPA processes at an ACP-EU level.

Once this sort of organigram (A) has been established through the EPA text or an agreed protocol on monitoring, a number of *questions* should be answered so as to operationalise monitoring. By taking decisions on whom, what, how and why, a consultative process should be used to identify the

institutions and actors undertaking the monitoring (B); the scope of monitoring and the methods used (C); and the functions and users of monitoring results (D).

The actual operation of the monitoring mechanism could also be seen as a *cycle* if the four interrelated dimensions of politics, institutions, methodology and substance are considered as sequence of actions and results. The relevant institutions and actors will participate in the monitoring process in accordance with their respective capacities, resource gaps and roles (see the arrow on the right in the diagram). This institutional assessment will lead to the definition of the precise scope of, and the methods used for, monitoring EPAs. Once the substance of the exercise is clear, the application of the methods identified will produce the results of monitoring, i.e. the evidence and information (see the arrow at the bottom). The results will then be considered by a number of stakeholders. Depending on the specific functions of monitoring, these will then use the evidence and information acquired for decision-making purposes at various levels which, depending on political and other factors, may lead to changes in the EPA process or related measures (see the arrow on the left). Such changes will, in turn, feed into the EPA implementation and institutions, and will affect monitoring as well, so that the cycle would start again.

Other diagrams are useful for clarifying the interactions between the political, substantive, institutional and methodological dimensions of EPA monitoring and for making suggestions for the process of establishing a monitoring framework. Diagram 2 translates the complexities of the decisions on, and the operational cycle of, monitoring into a series of (suggested) steps for putting an effective monitoring mechanism in place. These steps (i.e. A, B, C and D in Diagram 1) are not listed in an order of importance but in their likely sequence of order.

1. First, each EPA regional group should identify the relationship and 'reporting lines' between national, regional, and ACP-EU levels of monitoring (A, the organigram).

2. Second, the capacity and resources of the institutions and actors involved in monitoring (and the gaps therein) should be treated as key inputs for the establishment of the mechanism (B).

3. Third, decisions should be taken on the precise scope and focus of the exercise. These should determine the bulk of the methods adopted for monitoring and the kind of information that is generated (C).

4. Finally, the use made of the results of monitoring should be specified, in terms of who should receive the information provided and what they should do with it (D).

As argued in Section 2, various key features of a future monitoring framework should be included in the text of the EPA. These features range from the principles and functions of monitoring to the scope and institutional setting, and the related cooperation and development assistance. Hence, the agreement itself could be crucial in shaping the suggested series of steps for establishing an effective monitoring mechanism (i.e. A to D). In addition, the exact commitments the parties need to meet and their phasing will largely determine the economic sectors and social groups affected by the EPA and thus the areas to be monitored and their prioritisation.

The remaining details of what and how to monitor in practice, as well as of the operationalisation of the mechanism, should be decided by means of a participatory process. The actual steps required to make the mechanism credible, transparent, workable and effective will vary from one ACP country and region to another. Only the stakeholders themselves can determine in more detail the objectives, scope, procedures and institutions of monitoring in each specific country or region, as well as the precise nature, target methods and timing of the exercise.

Each of the suggested steps that are needed for putting an effective monitoring mechanism (A to D) in place is specified in more detail below, in the form of a diagram. A detailed road map, with more specific recommendations for actions at national and regional level, is presented in Section 4.

Diagram 2: **Suggestions for a Process establishing an EPA Monitoring Framework**

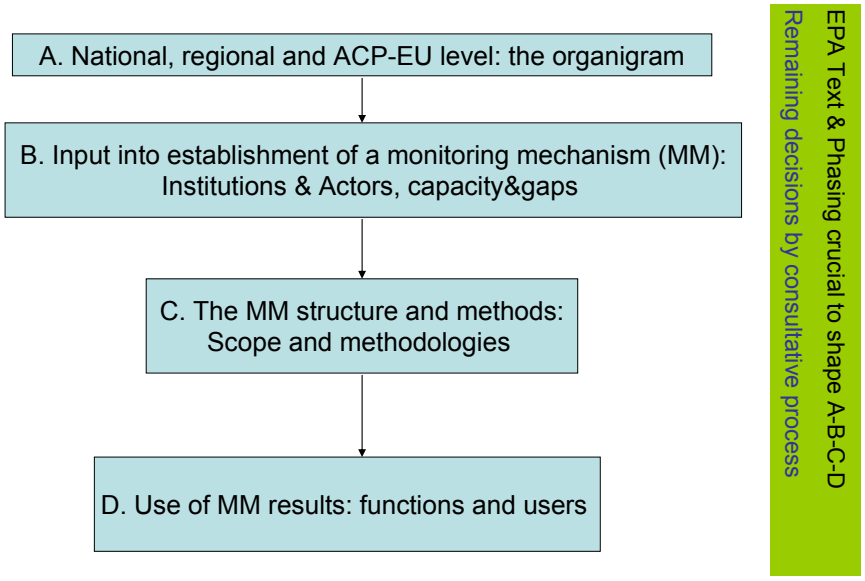
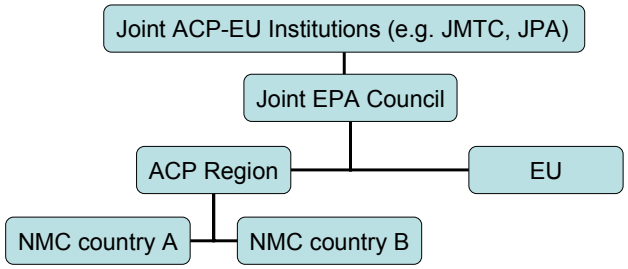


Diagram A sketches the relationship between the national, regional, and ACP-EU levels of monitoring. Whilst the parties themselves are responsible for defining the precise organigram and 'reporting lines' for each EPA configuration, we have nevertheless made a number of suggestions for appropriate institutional arrangements. One of the main ingredients of the latter would be a national monitoring body (given that most of the monitoring would take place at national level). Each country should form (if new) or identify such a body, which should include representatives from civil society, the private sector and the government. For the sake of simplicity and consistency, this body is described in this paper as the 'National Monitoring Committee' (NMC). A regional monitoring framework also needs to be defined, to operate in parallel with the NMC.

Diagram A: **National, regional and ACP-EU level: the organigram**



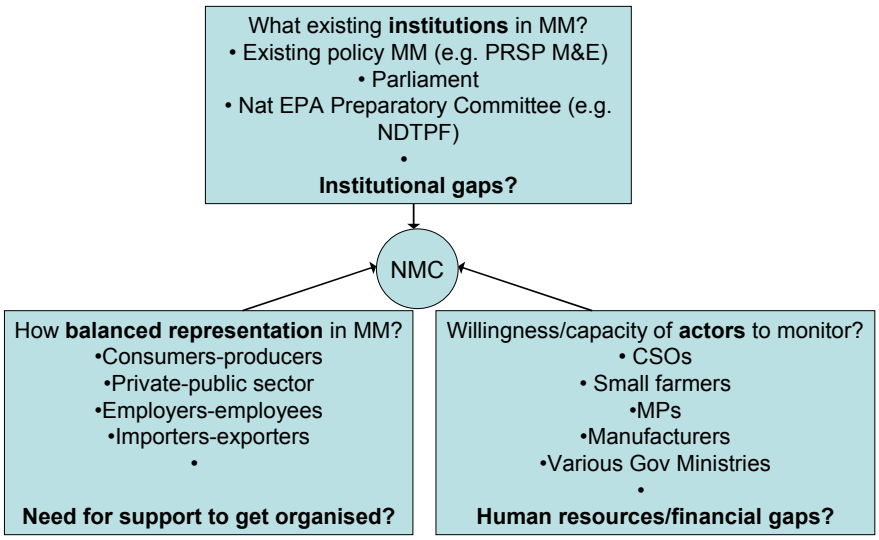
In accordance with the principle of subsidiarity, the regional level should be responsible for coordinating national monitoring exercises, comparing and harmonising data from the NMCs of different countries, and producing and analysing evidence on aspects that can only be monitored at a regional level (e.g. regional integration). Once an ACP region has finalised its monitoring exercise (or cycle), and the EU authorities have done their bit (whatever this may be), the results, and possible follow-up activities, should be discussed at the Joint EPA Council overseeing the implementation of the regional EPA in question. This Council should then refer the relevant dossiers to the joint ACP-EU institutions, for instance the Joint Ministerial Trade Council (JMTC) and the Joint Parliamentary Assembly (JPA), for information or for any required policy changes (where such joint institutions are competent to make such changes).

The remaining diagrams look more closely at the operation of an NMC, in terms of the *inputs* required for its establishment, its possible *focus, structure and methods* and, lastly, who should use its *results* and how this should be done. Although the following section refers to the national level, similar considerations also apply to the establishment of a regional framework.

Diagram B shows three sets of key questions that should be answered in the preliminary stages of the constitution of an NMC. These relate to actors and institutions and their representativeness, capacities and resources as fundamental inputs for the monitoring mechanism. The National Monitoring Committee should conduct a stocktaking exercise on:

- existing institutions that could help to monitor the EPA in question;
- the willingness and capacity of different actors to be involved;
- the degree of representation of the various social groups and economic sectors that are likely to be affected by the EPA.

Diagram B: **Inputs into establishment of National Monitoring Committee (NMC)**
Institutions&Actors: capacity&gaps



In many countries, there may be already several institutions with a stake (or specific mandate) in trade and development that could play a role in an EPA monitoring mechanism (MM). These could include:

- national parliaments, with their general mandate to scrutinise the government's actions;
- existing monitoring bodies set up as part of government policies or trade and aid relations (e.g. bodies responsible for monitoring and evaluating the Poverty Reduction Strategy);
- national mechanisms that were previously established to prepare for EPA negotiations (such as the National Development & Trade Policy Forum in the Eastern and Southern Africa EPA configuration).

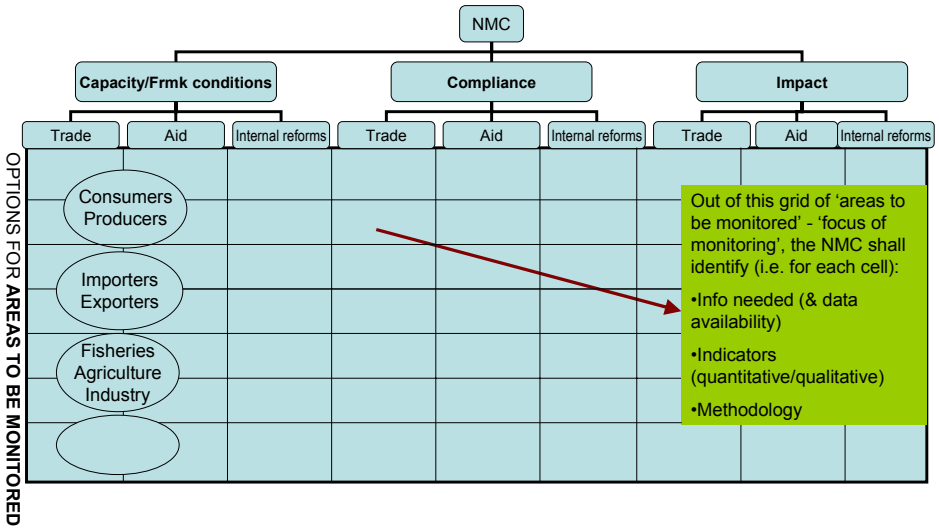
The possible role to be played by these and other existing institutions in EPA monitoring should be clearly defined. The NMC should take action to fill any institutional gaps that are identified.

Another crucial input for the establishment of the NMC will be the willingness and capacity of various actors to participate. Different stakeholders have different economic and political interests, resulting both in different views on EPA implementation and in different capacities for monitoring. Thus, the possible contribution of each group of actors, together with their human and financial resources and previous monitoring experience. should be assessed. This applies to civil-society organisations, small farmers, members of parliament (MPs), manufacturers, government ministries, etc. Gaps should be addressed by quantifying capacity-building needs and identifying possible sources of funding. Current capacity, existing experience and the availability of capacity-building resources will largely determine what is feasible in a specific country in terms of actual monitoring.

Moreover, the wide variety of stakeholders and interests means that the information produced by a monitoring mechanism is a highly political commodity which will be used to defend these interests and influence and draw benefits from the EPA. Typically, non-state actors such as farmers and consumers are not effectively represented in certain sectors (especially in certain countries in Africa, and often at a regional level) and may not receive support for establishing adequate organisations. Monitoring results could be biased if some actors are better organised than others. In order to mitigate bias or imbalances favouring one or other group of stakeholders, guarantees should be given that all actors will be involved in the monitoring mechanism and priority resources should be allocated to those with a lower capacity.

Once the representativeness, capacities and resources of the relevant actors and institutions have been addressed, the NMC should define the *focus, structure and methods* of monitoring. Diagram C illustrates that the mapping of scope (such as impact or compliance) and the areas to be monitored (such as trade or aid commitments and the affected economic sectors or concerned groups) leads to a definition of the kind of information that is to be generated and the structure of the monitoring exercise (e.g. monitoring the impact of aid commitments on consumers or agricultural importers' compliance with trade commitments). Ideally, in this matrix one should be able to identify the information and evidence needed for monitoring and the specific indicators and research methods employed (as exemplified by the arrow enlarging one of the cells in Diagram C) for each individual cell.

Diagram C: **The NMC structure and methods:**
Scope and Methodologies



This process of deciding on the scope, focus, structure and methodologies and related priorities for monitoring should be consultative and participatory. Transparency in developing the operational features of the NMC is crucial to the quality and legitimacy (both international and domestic) of the monitoring mechanism itself. It would also help to create ownership at a national level and ensure that the exercise focuses on analysing and interpreting, rather than contesting and opposing the evidence that is gathered.

As discussed in Section 2, we suggest that monitoring be broad in scope and cover not only the impact of and compliance with the agreement, but also the framework conditions and the capacity of stakeholders to benefit from the EPA. Similarly, monitoring should address all EPA trade and aid commitments as well as related internal reforms. It will also be important to ensure there is a broad coverage of industries, affected economic actors and social groups. However, it is impossible to monitor everything and the broader the scope and structure of the NMC, the higher its costs and institutional complexity. Hence the need for setting priorities. There is no 'one size fits all' option in the definition of scope and structure of monitoring and for certain countries prioritisation may be easier than for others (such as those producing relatively few goods or exporting only a small number of commodities to the EU).

In terms of methodology, the availability of data and statistical capacity at a national level will greatly influence the possibility of collecting information and evidence and will therefore largely determine the final selection of indicators to be monitored. In any case, basic systems for gathering data will have to be put in place in every country and assistance may be needed from development financing and experts (such as process facilitators and researchers). EU stakeholders should consider building resources and capacity for monitoring in ACP countries and regions as a key part of the EPA implementation process. Funding for this could be made available through EDF resources and the Joint EU Aid for Trade Strategy. Importantly, intra-ACP cooperation is also required in relation to scope and methods. As part of the process of operationalising EPA monitoring, regional ACP neighbours should be placed under a legal obligation to share data with each other. Otherwise, it may be difficult to coordinate national monitoring results at a regional level.

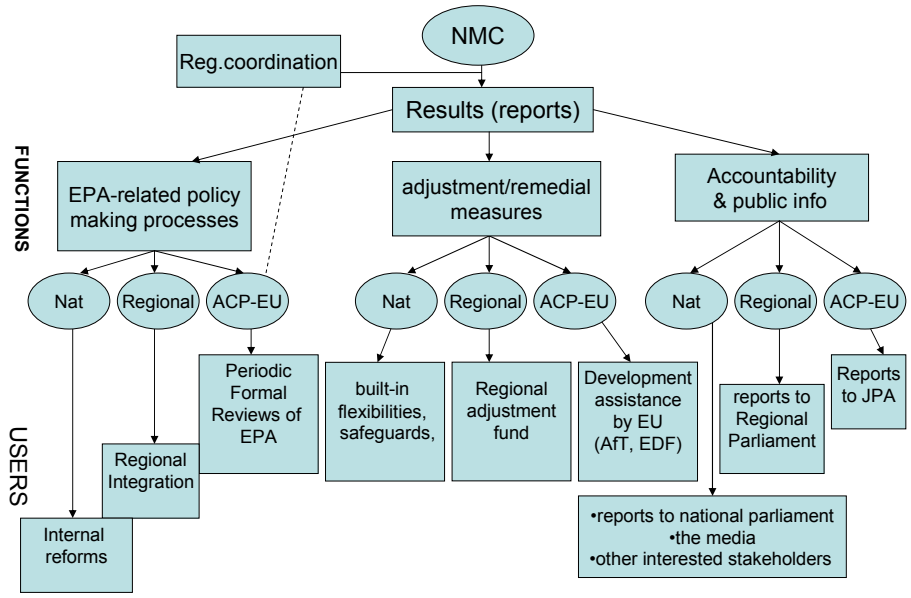
The final step in the process of establishing a credible EPA monitoring mechanism is the identification of who should use its *results* and how this should be done. Incentives are needed to get stakeholders seriously involved in the NMC. Major incentives should be the transparency of results

and equipping the monitoring mechanism with teeth (i.e. powers of enforcement). As shown in Diagram D, the functions of monitoring should include:

- formal links with EPA-related policy-making processes at regional and ACP-EU levels;
- an ability to trigger adjustment or remedial measures;
- creating awareness and disseminating public information to raise transparency and enhance accountability.

The users of the NMC results, i.e. the recipients of the monitoring reports, should be large in number, and should include stakeholders at national, regional and ACP-EU levels.

Diagram D: **Use of NMC results: Functions & Users**



In this diagram, 'users' means not only organisations or institutions receiving and acting upon the NMC results (e.g. parliaments or the media), but also the processes affected by the monitoring results in line with the specific function (e.g. remedy or policy change) or level (i.e. national or regional) in question. For the sake of simplicity, Diagram D only shows one example of 'user' (in the boxes at the bottom) for each function and level. Thus, some NMC results will inform both the regional integration policy-making process and the periodic formal review of EPA that is likely to take place at ACP-EU level (hence the dotted line in the diagram from there to the regional level specific box, indicating the regional coordination that is required to harmonise the results of various NMCs). Similarly, the same monitoring result, such as evidence of the harm caused by EPA tariff reductions to a local ACP industry, could trigger action at both national and ACP-EU level, by informing those responsible for applying a safeguard for temporarily suspending liberalisation and by informing those responsible for the disbursement of development assistance to support the industry in question through the EDF or EU AfT. In terms of accountability and transparency, public information should be readily available so that monitoring results could also be used to inform independent "observatories" on the EPA process, within the civil society and the media.

4 Steps to be taken after signing an EPA: detailing the road map

Before or shortly after signing an EPA, the parties should agree on the legal framework for monitoring EPAs as discussed in Section 2. Yet, it is likely that, the negotiating parties will not consider monitoring as their first priority during the final stages of negotiations. In this case, monitoring clauses do not necessarily have to be included in the agreement itself. A monitoring protocol could be annexed to the agreement even after the official conclusion of negotiations. This may be a valid means of enabling the negotiators to discuss and formulate clauses on monitoring in spite of their busy timetables. In this case, the text of the EPA should include a commitment to agree on such a protocol, as well as a concrete timetable for its finalisation.

Once the parties have agreed on a legal framework for monitoring, either in the text of the agreement itself or in a protocol, the ACP countries and regions will have to take a number of concrete steps in order to establish a monitoring mechanism. There can be no 'one size fits all' approach. Therefore, an indicative road map is presented below, in an attempt to foster debate and initiate and stimulate a reflection on the appropriate steps to be envisaged.

While monitoring itself should take place at national level, the results should be coordinated and harmonised at a regional level. Thus:

- each country should form (if new) or identify a national monitoring committee, which should include representatives from civil society, the private sector and the government.
- a regional monitoring framework should be defined in parallel with this. The role of a regional framework should be to coordinate national monitoring exercises, i.e. to ensure that each member state reports on a limited set of key indicators so as to ensure that the data are comparable and so as to be able to compile, check and analyse the national data. The regional monitoring body should also be responsible for producing and analysing data on aspects that can be monitored only at a regional level (e.g. regional integration). The relevant regional bodies should also be responsible for regularly producing monitoring reports for the region and for organising regular Committee reviews, the results of which should feed back into the Joint ACP-EU EPA Council.

A process aiming at establishing an EPA monitoring mechanism in good time could follow the steps outlined below. (Some of these steps may already be agreed or stated in an annex to the agreement.) The road map proposes the creation of different committees at national and regional levels in order to frame specific functions of the monitoring mechanism. In practice, the institutional structure of the monitoring mechanism may, of course, take different forms, depending on existing capacity and the institutional landscape.

Step 1: Initiation workshops and committee

1. The regional organisation invites government officials and trade and monitoring experts from the region to a regional initiation workshop in order to jointly:
    a) define the objectives, purpose and scope of a regional monitoring framework;
    b) identify capacity for coordinating the monitoring process at a regional level, for advising on national monitoring processes and for reporting, communication and exchange with joint ACP-EU institutions;
    c) identify potential capacity gaps, necessary capacity development and funding requirements;
    d) define the division of responsibilities between regional and national bodies;

e) decide on the creation of a regional steering committee (RSC) and a regional technical committee (RTC). The composition of the RSC is a matter to be decided by the member states.

2. Constitution of the regional steering and technical committees. The RCS is composed of representatives of national governments and regional organisations (i.e. it is a political body), whereas the RTC includes staff of regional organisations, national statistics, trade experts and representatives of relevant research institutes.

3. The regional technical committee:
   a) formulates guidelines for initiation workshops at national level (to be approved by the RSC);
   b) starts identifying key indicators and monitoring methods at a regional level;
   c) proposes guidelines for regional and national strategies for communicating on the monitoring mechanism and its results;

In parallel, the following steps should be taken at national level:[7]

4. Each national government announces the establishment of a national EPA monitoring framework (in the media) and invites any interested parties to declare their interest in participation.

5. National government forms a national steering committee (NSC) representing civil society, the private sector, government and parliamentarians (one or two representatives from each group of actors) to guide and facilitate the identification or (if not yet existent) the establishment of a national monitoring mechanism. In creating an NSC, it is advisable to rely where possible on appropriate structures that are already in place.

6. The NSC selects and invites representatives of civil society, the private sector and government to attend an initiation workshop on the establishment of a national monitoring mechanism. These representatives identify and reach a consensus on:
   a) the objectives, purpose and scope of a national monitoring mechanism;
   b) which stakeholders are to be involved in monitoring, and their capacity to contribute;
   c) other existing capacities and institutions for policy-related monitoring that can be used for EPA monitoring;
   d) the constitution of a national technical committee (NTC) representing trade and monitoring experts (from government bodies, research centres, civil society and development organisations of EU member states);

7. The government legislates to create a legal basis for the monitoring mechanism.

8. The NTC proposes an action plan for the establishment of a monitoring mechanism. This action plan needs to be validated by the NSC.

Step 2: Implementation of action plan

9. The representatives attending an initiation workshop agree on the institutional design and the distribution of tasks among different actors, including:
   a) the role and contribution of every actor;

[7] Each EPA region will have to strike a balance between a bottom-up approach, which starts with the identification of capacities at national level, and a regional approach guided and supervised by the respective regional committee. A bottom-up process will be crucial to ensure that monitoring is owned by national stakeholders. At the same time, the coordination of the initiation process will be crucial to ensure that a monitoring mechanism is established in good time.

b) key institutions that are to perform the monitoring exercise, and the distribution of tasks among them;
c) the definition of synergies with existing monitoring processes (e.g. PRSP and national policy evaluation frameworks) and the exact institutional design of the monitoring mechanism.

In parallel, the committee identifies potential capacity gaps, necessary capacity development and funding requirements. This includes:

d) performing a stocktaking exercise to assess data availability; and
e) identifying the most urgent capacity-building needs (building on results from steps 4b-6d) and respective sources of funding (for monitoring capacity-building).

With a view to operationalising the monitoring mechanism as quickly as possible, the NTC may contract out a study on the above points. A decision will then be taken on the basis of a discussion of the study findings.

Step 3: Operationalising and institutionalising the monitoring committee and mechanism

As it is impossible to fully monitor all the areas in which the actors are interested, it will be necessary to identify national and regional priority sectors and those inputs (in terms of EPA-related provisions and accompanying measures) that are likely to have most impact. Given the range of issues and the limited capacity for addressing them all, prioritisation – or at least some form of sequencing – will be required. This could be done by prioritising on the basis of chapters of the EPA Agreement, the economic sectors, the social groups or the main impediments to achieving the goals of the EPA.

Given that the overall final assessment and prioritisation will depend on the importance and weight given to each monitored area, the weighting exercise and the underlying assumptions must be made explicit by means of a consultative process and by identifying the methods to be used.[8]

10. The representatives attending an initiation workshop and committee may set up working groups to take care of the final preparations. These working groups should:
    a) conduct a baseline study within the two years after conclusion of the EPA. This baseline study should provide information on the status of certain key areas (and indicators) prior to the implementation of the EPA;
    b) identify priority sectors and inputs that are likely to have a major impact;
    c) agree on the prioritisation or sequencing of the most important areas (by sector, EPA chapter or social group) that are to be monitored;
    d) identify a suitable monitoring method for each key area;
    e) ensure that the weighting exercise and the underlying assumptions have been made explicit;
    f) identify indicators for each of the priority sectors.
    g) agree on how results should be used (i.e. link to binding commitments in the EPA, public information, informing an independent observer body).

A result-chain analysis and development milestones could be useful tools for identifying national priority sectors, anticipated effects, inputs and indicators in a participatory process.[9]

[8] The selection and implementation of the chosen methods requires a certain amount of expertise if credible results are to be produced. Training, including for moderators and statistical experts, may therefore be required.
[9] Development milestones could be EPA-induced policy actions and the removal of impediments (including non-action) by both EU and ACP countries as are required to move towards the goals of the CPA and the EPA. A result-chain analysis would describe the sequence of such milestones and their direct and indirect outputs for different stakeholders. Indicators could be identified for every milestone in the impact chain.

11. The participants of the initiation workshop may assign different tasks to sub-committees, where relevant, according to functions (compliance, impact, etc.), clusters (impact on consumers, farmers, etc.) or industries (agriculture, fisheries, etc.).

12. The final list of indicators, both qualitative and quantitative, should then be discussed with the EU authorities, as agreeing on joint indicators encourages a mutual sense of responsibility in both parties involved in the monitoring exercise.

Final steps/check list
- Have the parties undertaken to share data with their regional neighbours?
- Is the monitoring mechanism flexible enough to adapt to future changes in conditions?
- Is monitoring sufficiently linked to existing processes such as PRSP?
- Do interested parties have access to the results of the monitoring exercise? Do they understand the results?

5 The way forward

This paper summarises the key functions and parameters of EPA monitoring and lists the main issues that should be resolved when constructing a monitoring mechanism.

It also sets out recommendations for provisions on monitoring to be incorporated in the text of an EPA or an annexed protocol, and highlights principles for guiding the process of establishing a monitoring mechanism. Finally, a number of concrete steps to be taken by ACP countries and regions in establishing an owned and credible monitoring mechanism are proposed in form of a road map.

It is, however essential to note that any concrete recommendations given in this paper must to a certain extent be adapted and reviewed by each country and region, in order to take account of national or regional distinctions and hence of differences in the form and contents of the EPAs themselves. Individual recommendations may thus prove false (or turn out to be counterproductive) for certain regions, depending on numerous factors like the available capacity or the incentives given to local and regional bodies and stakeholders to engage in monitoring. The road map and recommendations included in this paper should not be seen as a recipe for the successful formation of an EPA monitoring mechanism in each and every region. Rather, they are intended to stimulate discussion and thinking on concrete steps leading towards the timely establishment of an owned and credible monitoring mechanism.

As EPAs will generally affect ACP countries and regions, and have only a marginal impact on EU countries, this paper emphasises the role of ACP stakeholders, especially during the formation of an EPA monitoring mechanism, as it is vital that EPA monitoring is owned by ACP countries and regions. If monitoring is to lead to changes in EPA implementation and feed into policy-making processes at ACP-EU level, it should, however, also be owned by the EU. It is therefore crucial for each region, in unison with the EU, to identify the European role in monitoring EPAs. This should include EU support process for EPA monitoring and any complementary role that could be played by the EU's own monitoring initiatives, such as sustainable impact assessments (SIAs).

Addressing this and other dimensions of monitoring by means of a continuous dialogue among stakeholders in the ACP countries and regions as well as between the ACP and EU countries will clarify important operational aspects of an EPA monitoring mechanism. The ECDPM remains committed to facilitating these processes.

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Annex Discussion of key recommendations on what to include in the text of an EPA or protocol

This Annex presents a short discussion of and various examples for each of the seven key types of provisions on EPA monitoring recommended in Section 2.

1. Principles of monitoring

Discussion

There is general acknowledgement of the need for the text of an EPA to include a general provision on monitoring. Views differ, however, on the level of detail of such provisions. In general, trade-offs exist between the need for policy space and flexibility[10] on the one hand and the need for specific provisions to ensure the timely establishment of a credible, workable and effective monitoring mechanism on the other. Although there is a risk of duplication involved in the idea of establishing one 'EPA monitoring mechanism', if no resources are committed to the construction of monitoring mechanisms, it may not be possible to monitor the implementation and impacts of EPAs in a reliable way.

According to some observers, an exercise of pro-development monitoring could institutionalise for the first time a systematic assessment of how the economic, trade and development aspects of ACP-EU cooperation tie-in with each other in pursuit of the CPA objectives. This would therefore go beyond simple monitoring performed by one of the institutions listed in an EPA, and become a broader, formal assessment of how the various dimensions of the ACP-EU partnership, EPA-related interventions and the various parts of an EPA interconnect and help reduce poverty and foster development. Adopting such an approach would mean accepting the critical nature of monitoring, and this would also need to be reflected in the text of the EPA.

Examples of provisions

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

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

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

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

[10] A great deal of emphasis was placed on the principle of flexibility during consultations with stakeholders. It was argued that any future monitoring mechanism should be able to adapt to changing conditions in the course of implementation.

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

6. Article 3.8 Review

> *1 The Partnership Committee shall establish procedures for the monitoring and regular review of the implementation, operation and performance of this Agreement. To assist it with these tasks a report on relevant matters shall be prepared annually by the Secretariat, which shall be distributed to the Parties to this Agreement.*
>
> *2 The Partnership Committee shall conduct a general review of the implementation, operation and performance of this Agreement no later than 2011 after the Agreement comes into force and every 5 years thereafter. The review shall assess the extent to which the objectives of this Agreement are being achieved and what further actions should be taken to better achieve the objectives.*
>
> *3 At the meeting of the Partnership Committee the Committee may make any decisions it considers necessary or desirable, consistent with this Agreement, to better implement or further the objectives of the provisions of this Agreement.*

(Draft EU-Pacific EPA June 2006, www.bilaterals.org/rubrique.php3?id_rubrique=52)

2. Key functions of monitoring

Discussion

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

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

Examples

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

2. "The function of the monitoring mechanism will be the regular collection and analysis of information to assist timely decision making, ensure accountability and provide the basis for evaluation and learning. On the basis of this monitoring process, the parties agree to periodically

review the results of EPA and make the necessary adjustments that would help optimising its development outcomes".

3. Scope of monitoring

Discussion

It may be difficult to precisely define the scope of monitoring EPAs and accordingly to contractualise it in the text of an EPA or a protocol. The advantage of defining the content and scope of monitoring lies in the commitment made by both parties, with the possibility of committing themselves to comprehensively monitoring the implementation and results of EPAs, beyond the mere monitoring of compliance. Contractualising the scope of monitoring would also define boundaries and thus clarify what aspects should and should not be subject to monitoring. On the other hand, the contractualisation reduces flexibility and may lead to a duplication of efforts in those countries where certain EPA-relevant aspects (such as capacity-building measures) are already monitored in other contexts. The final decision on which aspects to monitor should build on the text of the EPA in question.

Examples

1. *"The parties commit themselves to jointly monitor progress in the implementation of the Agreement and in the attainment of development objectives that may derive from it [ ]. The monitoring and reviews will also cover the implementation of the trade-supported strategies that the Agreement would sustain, and will be based on qualitative as well as quantitative indicators and benchmarks that will be related to three categories: (a) Effective enhancement by the EU of market access and fair treatment for ESA countries' exports; (b) overcoming capability constraints and improving competitiveness of ESA's production sectors, including through the implementation of supply-side development policies which would eventually need flexibilities in trade rules; and (c) EU contribution of additional resources for development, distinct to existing EDF, to facilitate institutional adjustments required for compliance with the EPA, as well as the implementation of supply-side policies that would be supported by the Agreement.*" ("Ideas for a simplified text on EPA provisions related to Development Strategies and processes for Monitoring/Benchmarking", non-paper compiled with the support of APRODEV and ICTSD in April 2007, resulting from a consultative process on the need for a development monitoring of EPA)

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

3. In the context of international trade agreements like EPAs and the WTO, the Ivory Coast private sector has called for an observatory to monitor (and boost) competitiveness, and for the creation of a committee of customs officials and private sector representatives to analyse problems in export chains. (www.lhebdomadaire.info/+Un-observatoire-en-vue-pour,1009+)

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

Box 2 NAFTA

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

"The CEC's efforts to document the environmental effects of trade liberalisation in North America result in reviews and assessments that are utilised by trade and environment officials, nongovernmental organisations and the public to inform both trade and environmental policies in the three Parties." Tasks related to this projects: "Organise and conduct high-level North American symposia on assessing the environmental impacts of trade; Examine emerging environmental trends and conduct monitoring and sectoral analyses; and explore mechanisms to assess the environmental effects of NAFTA." (Operational Plan of the Commission for Environmental Cooperation 2007 – 2009)

Box 3 Monitoring Aid for Trade

"7. Country-based monitoring and evaluation will provide a more focused, country-specific perspective on whether trade needs are being met, financial resources are being provided, and Aid for Trade is effective on the ground. A monitoring exercise that involves all country-based stakeholders can also provide incentives to foster mutual accountability. An obligation to report regularly on the delivery and effectiveness of Aid for Trade can also help to focus minds on managing for results. The Task Force encouraged recipient countries "to report on trade mainstreaming in national development strategies, such as PRSPs, the formulation of trade strategies, Aid-for-Trade needs, donor responses, and implementation and impact". Different mechanisms can be used to achieve these objectives. The Task Force suggests that "the primary responsibility for reporting to the global monitoring body would lie with National Aid-for-Trade Committees", and urges adequate funding for this work." AID FOR TRADE - Follow-up to the Aid-for-Trade Task Force Recommendations (WT/AFT/1) WTO Monitoring and Evaluation, Report by the Director-General, 12 (December 2006, JOB(06)/262, www.tradeobservatory.org/library.cfm?refID=97118)

4. Use of results

Discussion

What is done with the findings of monitoring depends on the level and the manner in which monitoring is linked to EPA implementation and decision-making. Some stakeholders may opt for an approach based on a discussion of monitoring results, without any binding links to adjustment or assistance clauses. Whilst it may prove difficult to formulate and agree on an appropriate response, the presence of a legal basis for feeding the results of monitoring back into the implementation of the agreement (in terms of possible remedies, adjustments, development assistance or revisions of the agreement) will ensure the credibility of the monitoring mechanism. The monitoring mechanism should not, however, be formally linked to a dispute settlement system, as this would probably make certain parties reluctant to share information with each other.

Examples

1. The monitoring exercise will inform the adoption of those measures and adjustments and the review of the agreement as are required to ensure the proper implementation of the EPA and the achievement of its objectives.

2. The monitoring of EPAs may provide the information needed to activate safeguards, by means of a price or quantitative trigger; in parallel, the results of monitoring of the operation of the safeguards (and the ability of ACP parties to use them) should inform the potential revision of the safeguards or accompanying measures.

3. *"Not withstanding Article 14 (Tariff Elimination) of this agreement, in the event a specific country has not attained the development benchmarks, it may apply for the derogation of tariff reductions set out in this Title and make provisions for corrective measures"*. (Proposal for an EPA text made by the ESA region, Article 19.3, http://www.bilaterals.org/article.php3?id_article=6014)

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

5. Basic institutional setting for monitoring

Discussion

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

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

However, the duplication of existing mechanisms and the proliferation of consultative structures should be avoided. Where national and regional bodies have already been created to prepare for EPA negotiations (or other trade and development fora), these could be made responsible for monitoring (either the whole agreement or parts of it, see examples 5 and 6). Thus, the establishment of an additional regional structure for EPA monitoring may conflict with this principle in regions where appropriate structures are already in place. In addition, it will be very costly. For this reason, some stakeholders may regard it as being a rigid and costly structure and may wish to leave it to the countries and regions to establish or identify appropriate bodies without having provisions in the agreements.

In the case of other stakeholders' involvement, account should be taken of the principle of the impartiality of the monitoring mechanism (to minimise political bias or vested interests). For instance, it may not be a good idea to entrust parliamentarians with the conduct of monitoring. The option of annual reviews of monitoring reports by parliaments (and ACP-EU Joint Parliamentary Assembly),

who could then formulate recommendations for the relevant joint EPA institutions, is much more in line with the role of Parliaments as political institutions scrutinising the actions of government.

Examples

1. *"The Council recalls that Joint EPA Councils with the effective participation of the relevant ACP States and regions, the EU Member States and the European Commission shall be established for each EPA region so as to ensure that EPAs operate effectively and meet their development objectives. These Joint EPA Councils shall be assisted in the first place by Joint Implementation Committees that will assess the progress made and formulate recommendations on measures for further achievements, including on development co-operation. The concrete institutional setup will be agreed upon by the respective Joint EPA Councils. The Joint EPA Council will have the power to take decisions in respect of all matters covered by the EPAs. The Council underlines that the Cotonou Agreement remains the basis for the EPAs and that the Joint EPA Councils will report to the ACP-EU-Council of Ministers on all matters of common concern to the entire ACP Group of States and the Community The Council reaffirms that review clauses as well as mechanisms for monitoring and reviewing implementation and development impacts will be a key part of the EPAs. This will be an integral function of the EPA institutions."* (Conclusions of the Council, Brussels, 15 May 2007)

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

3. In accordance with the model for parliamentary scrutiny adopted by the EU for its new development cooperation external Instruments (for non-ACP countries), the European Parliament could be involved as follows:

"The EP's Development Committee will examine the national and regional reports of the monitoring exercise of each EPA to give a political assessment of the progress of implementation and coherence of EPA with EU development policy. Results of such scrutiny will inform resolutions by the Parliament to be forwarded to the joint EPA implementation institutions"

4. "Delegates call for the establishment of a Joint Consultative Committee bringing together non-state actors from Caribbean countries and the EU, within the EPA institutional framework. This Joint Consultative Committee would have a mandate to make recommendations on the implementation of the future EPA. It is recommended that the Steering Committee of the Caribbean Non-State Actor Network be included in this Joint Consultative Committee." (Declaration adopted by representatives of the ACP-EU Economic and Social Interest Groups, Bridgetown, 14-16 May 2007, www.crnm.org/documents/press_releases_2007/Final_Declaration_EESC_9th_Regional_Seminar.pdf)

5. In Kenya, the National Integrated M&E system (NIMES, coordinated by the Ministry of Planning and National Development with linkages across line ministries and civil society) monitors all government policies and is responsible for collating, coordinating and disseminating information. Any M&E sub-system, including that to be designed for the EPAs, is supposed to plug into NIMES. (see: Report on ECDPM-DIE Monitoring EPA Workshop, 23-24 April, Nairobi, Kenya, www.ecdpm.org/trade/epamonitoring).

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

current and future NTBs in the EAC Partner States. This mechanism could be given the task of monitoring NTBs under the EPA.

7. *"A permanent institutional mechanism should be developed to monitor the implementation of the EPAs from the perspective of economic, environmental, and social sustainability."* (Recommendation No. 12 of EU-ACP Sustainability Impact Assessment (SIA) conducted for the EU; for an overview see: http://www.acp-eu-trade.org/library/files/TNI_EN_6-3.pdf)

6. Cooperation and development assistance

Discussion

In this context, various stakeholders repeatedly claimed that data availability is problematic in most ACP countries and that there is hardly any capacity for monitoring (even to implement basic safeguards under existing trade agreements). The EPA provisions on monitoring could thus refer to the need for technical and financial assistance in this respect. Reference could be made, for instance, to support available under existing schemes and mechanisms, such as the EDF or the AfT Initiative.

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

Examples

1. *The EU is committed to use its resources (Community and Member States) for capacity building monitoring EPA, including by providing assistance programmes for data collection/ national statistical system reforms*.

2. *The parties agree that they should both invest in capacity building for Members of Parliaments, in order to enable them to contribute to EPA monitoring and make use of the information generated by a monitoring mechanism*.

3. *"Development cooperation should focus on technical assistance for collecting information and data on trade and sustainability, in order to support sound policy development."* (Recommendation No. 10 of EU-ACP SIA, for an overview see: http://www.acp-eu-trade.org/library/files/TNI_EN_6-3.pdf)

7. Methods and procedures

Discussion

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

On the other hand, it may be difficult to agree, before the conclusion of negotiations, on methods, indicators and procedures that are valid for all parties. Some stakeholders are reluctant to include legally binding targets in the agreement, arguing for instance that it is not feasible to define indicators in a negotiating environment, that this should be preceded by the assessment of capacities and by the identification of appropriate methods for monitoring. Key to these concerns is the notion that legally binding commitments on monitoring would conflict with the principle of flexibility required for monitoring to be effective. A possible compromise would be to include in the text of the EPA a mandate for the appropriate (independent) agencies to prepare proposals for methods and procedures to be brought to the joint implementation bodies, thus avoiding entanglements in technical and bureaucratic issues while ensuring follow-up.

While the European Community has committed itself to systematically conducting sustainability impact assessments *prior to* the conclusion of any trade agreement, an EPA could refer to the need for an *ex-post* sustainability impact assessment on its implementation. The results of continuous EPA monitoring could usefully feed into such an assessment. This type of approach could be spelled out in the text of the EPA.

Examples of provisions

1. *"Therefore, the parties commit themselves to: Agree on the benchmarks, indicators and detailed methodologies to be used in the monitoring and review processes within a period of NN days after having signed the Agreement, and initiate the corresponding processes immediately after. To this end, an advisory group integrated by trade and development experts from independent organisations (e.g. UNECA; UNCTAD; WB; OECD; UNDP), will be commissioned the preparation of a detailed proposal on benchmarks, indicators and procedures for the monitoring and review processes, which will be brought to the consideration of (a joint body of) the parties within a period of XX days after having signed the Agreement."*
(Source: "Ideas for a simplified text on EPA provisions related to Development Strategies and processes for Monitoring/Benchmarking", non-paper compiled with the support of APRODEV and ICTSD in April 2007, that results of a consultative process on the need for a development monitoring of EPA)

2. Provisions proposed by the ESA:

> *"1. The parties agree to regularly review progress in the implementation of this Title within the relevant institution and will propose as appropriate any remedial measures.*
>
> *2. Every five years the ESA-EU EPA Council shall undertake a formal and comprehensive review in order to:*
>
> *i) assess the contribution of Parts XXXX and XXXX towards the achievement of development benchmarks as set out in annex XXXX which shall be derived from ESA national development programs*
>
> *ii) ascertain if the development benchmarks have been attained by the individual ESA countries as well as determine whether the Community's trade and development polices and assistance have contributed to individual ESA countries achieving the development benchmarks*
>
> *iii) monitor policies and the release of resources towards financing activities aimed at building the ESA regional market based on the regional integration agendas"*
>
> (Article 19 ESA EPA text Development Benchmarks and Review Clause, www.bilaterals.org/article.php3?id_article=6014)

3. *The procedures for parliamentary scrutiny of the EPA monitoring exercise provide for the transmission of the reports of the monitoring exercise to the national parliaments and the regional parliaments of the parties, including the JPA. The conclusions and recommendations of each*

parliament will be considered by the joint EPA implementation institutions for possible remedies and action.

4. "*To determine success towards poverty reduction targets set in the GPRS, poverty indicators will be monitored and evaluated using data from the GSS Welfare monitoring system. This will be supplemented by specific community surveys to be carried out by the GPRS Monitoring and Evaluation system."*(GPRS, p. viii, http://poverty2.forumone.com/files/Ghana_PRSP.pdf)

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ISSN 1571-7577

The ECDPM acknowledges the support it receives for this publication from the Ministries of Foreign Affairs in Finland, Luxemburg, the Netherlands and Sweden, the Directorate-General for Development Cooperation in Belgium, Irish Aid, the Swiss Agency for Development and Cooperation, the Instituto Português de Apoio ao Desenvolvimento in Portugal, and the Department for International Development in the United Kingdom.