

***EVALUATION OF THE COMMISSION'S  
SUPPORT TO THE REGION OF EASTERN AND  
SOUTHERN AFRICA AND THE INDIAN OCEAN***

***Regional Level Evaluation***

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***The opinions expressed in this document represent the authors' points of view which are not necessarily shared by the European Commission or by the authorities of the countries concerned.***



# Evaluation of the Commission's support to the Region of Eastern and Southern Africa and the Indian Ocean Regional Level Evaluation **FINAL REPORT**

The report consists of three volumes:

Volume I: Final report

Volume II: Annexes

Volume III: Inventory

## **VOLUME I: FINAL REPORT**

- 1. Evaluation Framework:** brief background and purpose of the evaluation, which sets out the evaluation questions and introduces the methodology
- 2. Regional Context:** overview of the ESA-IO political, economic and social situation including challenges related to the existence of multiple RIOs with overlapping agendas and mandates
- 3. EC support to the ESA-IO region:** summary of EC strategies and programmes
- 4. Findings:** presented through answers to the evaluation questions
- 5. Overall assessment and Conclusions:** based on answers to the evaluation questions
- 6. Recommendations:** based on conclusions

## **VOLUME II: ANNEXES**

- 1. Terms of Reference**
- 2. Bibliography:** main documents consulted grouped by category
- 3. List of people met**
- 4. Overview of evaluation method**
- 5. ESA-IO Regional Context and EC strategy by sector**
- 6. Evaluation matrix**
- 7. Judgment Criteria Forms:** Forms presenting for each evaluation question: 1) the evaluation criteria; 2) explanatory comments; 3) detailed findings sub-divided according to the indicators selected under each judgment criteria; 4) main sources of information and tools.
- 8. Synthesis of focus groups**
- 9. List of programmes / projects specifically considered and project assessment fiches**

## **VOLUME III: INVENTORY**



## **EXECUTIVE SUMMARY**

### **1. THE EVALUATION**

The central scope of the evaluation is the Commission's co-operation strategy with the region of Eastern and Southern Africa and the Indian Ocean (ESA-IO) and its implementation for the period 1996-2007 with the objective of:

- providing the European Commission's relevant external cooperation services and the wider public with an overall assessment of the Commission's past and current cooperation relations with the ESA-IO region;
- identifying key lessons in order to improve the current and future strategies and programmes of the Commission.

The evaluation concentrates on four focal areas. Three of these - namely Regional Economic Integration and Trade, Transport and Communications, and Natural Resources Management - are also focal sectors of the Commission's support to the ESA-IO region while the fourth sector - Conflict Prevention, Resolution and Management - has been included in view of the ESA-IO region's instability and of the importance of a peaceful and stable environment for the attainment of the specific and overall objectives of the interventions envisaged.

The evaluation was supervised by the Joint Evaluation Unit and benefited from advice provided by the members of the Reference Group.

### **2. THE ESA-IO REGIONAL CONTEXT**

The ESA-IO region was created with the signing of the 9<sup>th</sup> EDF RSP/RIP in November 2002 based on the Cotonou Agreement principle of having overlapping regional organisations in one RSP. This meant in practice that the two 8<sup>th</sup> EDF RSPs/RIPs for the ESA and IO regions were replaced by a single RSP and RIP programmes for the expanded region.

Overall allocated amounts by the EC to the ESA-IO region during the 1996-2005 period amount to more than €9,200 million; of these €506 million have been allocated under the regional envelopes; €882 million for national projects under other EC budget lines, and over €7,879 million under the NIPs of the ESA-IO countries.

With specific reference to the funds allocated under the regional envelope (8th and 9th EDF) - the main object of this evaluation - it is worth noting that €212 million have been allocated to the regional integration and trade focal sector that therefore absorbs 42% of the regional allocations, followed by the transport and communications sector (29%) and natural resources management (23%). The prominent role of the EC in supporting regional integration efforts in the ESA-IO region is further confirmed by the fact that regional funding from the EC represents 55% of total donor commitments for regional initiatives for the period considered (estimated at 870 million €).

The ESA-IO is a **heterogeneous and diverse region** in many aspects: countries grouped under the ESA-IO banner vary in size, population, access to seaports and social indicators. Considerable levels of asymmetry are also visible from a peace and security perspective: politically speaking, whereas the ESA region is fragile, countries within the IO region are, structurally relatively stable (with the exception of Comoros).

However, ESA-IO countries continue to **share low levels of economic development, high poverty** and vulnerability to shocks, this despite the sharp acceleration in terms of economic growth witnessed since 2004 with estimates for 2007 approaching the 7% MDG target growth rate.

The region is characterised by the presence of multiple **RIOs**: COMESA, EAC, IGAD and IOC, with **overlapping membership and mandates**: all countries embraced by the ESA-IO regional configuration – with the exception of Somalia - are members of at least two RIOs. This poses enormous challenges for the ESA-IO countries and their RIOs as well as for the European Commission (**EC**) development assistance programmes, most notably in the regional integration area.

### 3. THE EVALUATION METHODOLOGY

The evaluation methodology applied follows the approach recommended by the Joint Evaluation Unit, which starts with the reconstruction of the EC's intervention logic to identify prioritised cooperation objectives and intended effects. On the basis of the logical diagrams, eight Evaluation Questions were proposed, each with its set of judgement criteria assessed on the basis of qualitative and quantitative indicators.

The evaluation entailed (i) examination of some 250 documents and publications; (ii) analysis of the EC CRIS and ROM databases; (iii) interviews with 150 persons of which over 100 in the six countries visited; (iv) two focus group discussions; (v) light assessments of 14 selected projects or programmes.

### 4. OVERALL ASSESSMENT

The 8<sup>th</sup> and 9<sup>th</sup> EDF RSP/RIPs are relevant to the EC development strategies and to the main EC sectoral policies, especially trade, and represent the most important external support programme to the regional integration process in the sub-region. Through these regional programmes, the EC has played – and is playing - a leading role in supporting regional integration, role that corresponds to its specific value added, namely for its know-how in regional integration, its mandate on trade policies, its capacity to coordinate the EU member states and its level of global international player.

Although the RSP/RIPs embedded an idea of extended ESA-IO region, which does not fit unambiguously the AU and RIOs' strategy for regional integration, the ESA-IO programme has contributed to the creation of a positive framework of regional integration and cooperation for the development of both trade and natural resource based economic activities, which have been significant in the last decade, at regional level. National implementation and investment in infrastructure are still lagging behind, though the programme has largely contributed to the actual implementation of the EPAs and to the establishment of CUs which should provide the basis for further developments in the near future.

### 5. FINDINGS

#### **RELEVANCE & COHERENCE OF THE OVERALL STRATEGY AND INSTITUTIONAL STRUCTURE.**

The ESA-IO Programme is relevant to EU development strategies, coherent with other EU policies, in particular trade, and relevant to the AU/NEPAD and RIOs' strategy. Nevertheless, the relationship between the EPA negotiations and the RIOs' institutional framework as well as the multi-regional architecture of the Programme have raised concerns about its capacity to support the individual RIOs and fit the AU regional integration strategy.

**RIOs' OWNERSHIP.** RIOs' ownership (especially for COMESA) has increased thank to the use of the Contribution Agreements. However, IGAD does not consider that its priorities have been adequately taken into account and EAC complains about the delays in the approval of its CA and both EAC and IOC deem that their specific needs should be further considered: both have asked for a separate Programme under EDF 10. The IRCC coordination of the Programme is appreciated, but its capacity to support the individual RIOs and their harmonisation is still weak. EC institutional set-up, despite the high level of the individuals involved, lacks a comprehensive programme coordination and some key field sectoral resources.



**COORDINATION AND COMPLEMENTARITY.** National and regional programmes are substantially coherent as they have a similar strategy and approach, this provides a strong basis for complementarity that is not however supported by explicit linkages between the national and regional levels. On the other hand, NIPs and RIPs lack coordinated implementation. Coordination with SADC is supported by the Tripartite Task Force, which is an example of harmonisation and should be strengthened. The coordination between the EC and the EU MS is good. EC value added is very evident in the promotion of the regional integration agenda and the support to the EPA process, it could however be higher if the EC had the capacity to express its leadership and coordination capacity in other sectors, such as CPRM and infrastructure.

**REGIONAL INTEGRATION AND TRADE.** The Programme has provided a tremendous support to the EPA process and has helped implementing trade liberalisation, and market integration, including the promotion of CUs all over the region. Building the institutional framework of a common market, where CUs are being created/consolidated, remains a challenge. Different interim EPAs and the advancement of EAC CU compared to COMESA emphasise the issue of harmonisation as the best way to address the regional disparities and asymmetries in the market integration process.

**TRANSPORT AND COMMUNICATIONS.** The EC is contributing to the establishment of T&C sector planning, regulatory and management systems, and to the advancement in national and regional convergence. National implementation lags behind, though sector policies and management are improving. Little progress has been done in the integration of different transport modalities. EC interventions are becoming more visible, strategic and effective, despite the persistence of significant efficiency and management problems. Increasing support for infrastructure investment facilitation is needed.

**NATURAL RESOURCES MANAGEMENT.** The Programme has played a leading role in supporting regional NRM cooperation favouring the empowerment of RIOs and improving coordination with and between development partners. Significant achievements are evident in a number of areas: development of sectoral strategies (e.g. fisheries); creation / strengthening of cooperation networks (e.g. IO coral reef); development and adoption of shared management tools; improvement of public awareness and stakeholders' participation.

**CONFLICT PREVENTION, RESOLUTION AND MANAGEMENT.** The EC/EU, despite its huge added value and strategic potential to support CPRM strategies, is ill-equipped at present to do so. Lack of qualified personnel, low sensitivity to conflict issues and insufficiently flexible financing instruments or mechanisms limit its potential to be a more significant player in this development area. Problems of coherence among the different programmes in place at AU, regional, sub-regional and national levels, reduce credibility and may have future negative impact.

**IMPACT.** Trade increase has been the main driver of economic growth in the area. And the Programme has contributed to the strong regional increase in intra- and extra-regional trade, driven by external factors (high international demand, etc.), by helping improve regulations and integration of the markets, transport and communication systems and management of natural resource. The establishment of a relationship between the direct and indirect contributions of the Programme to the export-driven economic growth and actual poverty reduction at regional level goes beyond the scope and the capacities of the present studies. It is possible to affirm, however, that high rates of economic growth are a pre-condition for poverty reduction and that in many cases, economic growth has occurred in sectors widely dominated by smallholders (e.g. fishery and food).

## 6. MAIN CONCLUSIONS

### STRATEGY & GLOBAL ARCHITECTURE OF THE ESA-IO PROGRAMME

The 8<sup>th</sup> and 9<sup>th</sup> EDF ESA-IO regional strategies are relevant to the overall EC development strategies and – to a large extent - coherent with the main EC sectoral policies. They are also

relevant to the AU and RIOs strategy and represent the stronger external support they receive. The global architecture of the ESA-IO programme, however, does not fit unambiguously the AU strategy for regional integration, which is based on the rationalisation and strengthening of the role of the individual RIOs and their harmonisation. The implementation of the ESA-IO RIP has emphasised joint rather than harmonised programmes among the RIOs. COMESA's, ownership of the EC regional strategy has progressively increased thanks to the use of the contribution agreements, which have proven to be an appropriate financing instrument.

**TRANSPORT AND COMMUNICATIONS.** There are significant moves towards integrated sector programmes and policies (e.g. SSATP, TCSSIP). These however are not matched by the financial engineering and programming for commensurate resources to be available.

**CONFLICT PREVENTION, RESOLUTION AND MANAGEMENT.** The CPRM approach is relevant to needs in the region. The coherence of the ESA-IO CPRM programmes vis à vis country and continental EU initiatives, is questionable. Capacity to exercise CPRM mandates and activities in the region is improving, nevertheless the role played by the EC in building this capacity is limited. Although the EC has promoted the establishment of joint CPRM programming, coordination between RIOs remains low. The EC, despite its strategic scope to help establish and support CPRM strategies and build up capacity, is - at present - ill equipped to do so.

## 7. MAIN RECOMMENDATIONS

**STRATEGY & GLOBAL ARCHITECTURE OF THE ESA-IO PROGRAMME.** The 10<sup>th</sup> EDF should clearly stress that the general strategy will be based on strengthening the specific capacity of each RIO involved and on enhancing dialogue and harmonisation within RIOs. In this framework, ESA-IO programmes should fit the individual RIOs' priorities, that is to say individual RIOs should be recognised as warranting differentiated programmes, and increased focus should be placed on capacity-building within the RIOs and on the provision of support to their own strategies through CAs. Shared responsibilities among RIOs should be the consequence of inter-RIO agreements on cooperation and harmonisation, facilitated in this by the IRCC. At the same time, mechanisms like the Tripartite Task force for harmonisation, and other sectoral dialogue frameworks should be enhanced and reviewed to ensure the existence of operational tools for coordinated and joint action in various priority areas.

**TRANSPORT AND COMMUNICATIONS.** The EC should support the preparation of a strategy and programme that includes a credible match between objectives, prioritisation and funding of support programmes, and a significant share of the 10th EDF allocation should be allocated to infrastructure facilitation funds.

**CONFLICT PREVENTION, RESOLUTION AND MANAGEMENT.** EC/EU approaches and priorities on CPRM at regional and sub-regional level should be clarified and better integrated, and CPRM capacity at HQ, country and regional level should be strengthened to ensure that conflict sensitivity is successfully integrated into strategy, and programme formulation and implementation.

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## ACRONYMS

<b>ACP</b>	Africa-Caribbean-Pacific
<b>ADB</b>	African Development Bank
<b>ADF</b>	US African Development Foundation
<b>AEC</b>	African Economic Community
<b>APF</b>	African Peace Facility
<b>ATI-ACA</b>	African Trade Insurance and African Credit Agency
<b>AU</b>	African Union
<b>BADEA</b>	Arab Bank for Economic Development in Africa
<b>CA</b>	Contribution Agreement
<b>CARICOM</b>	The Caribbean Community and Common Market
<b>CBI</b>	Cross Border Initiative
<b>CEDAW</b>	Convention on the Elimination of All Forms of Discrimination against Women
<b>CePRC</b>	The Canadian e-Policy Resource Centre
<b>CET</b>	Common External Tariff
<b>CEWARN</b>	Conflict Early Warning and Response Mechanism
<b>CFC</b>	The Common Fund for Commodities (United Nations System)
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>COMSEC</b>	Commonwealth Secretariat
<b>COMTEL</b>	Regional Telecommunications Project
<b>CPRM</b>	Conflict Prevention, Resolution and Management
<b>CSP</b>	Country Strategy Paper
<b>CTN</b>	Common Tariff Nomenclature
<b>CU</b>	Custom Union
<b>DRC</b>	Democratic Republic of Congo
<b>EAC</b>	East African Community
<b>EASSy</b>	East African Submarine Cable System
<b>EC</b>	European Commission
<b>EDF</b>	European Development Fund
<b>EIA</b>	Environmental Impact Assessment
<b>EIB</b>	European Investment Bank
<b>EMP</b>	Environmental Management Plans
<b>EPA</b>	Economic Partnership Agreements
<b>EQ</b>	Evaluation Question
<b>ESA</b>	Eastern and Southern Africa
<b>FA</b>	Financial Agreement
<b>FTA</b>	Free Trade Area
<b>GVM</b>	Gross Vehicle Mass
<b>GBS</b>	General Budget Support
<b>HR</b>	Human Resources
<b>ICT</b>	Information and Communication Technology
<b>IGAD</b>	Inter Governmental Authority on Development
<b>IOC</b>	Indian Ocean Commission
<b>IRCC</b>	Inter-Regional Co-ordination Committee
<b>ITU</b>	International Telecommunication Union (United Nations System)
<b>LDC</b>	Least Developed Countries
<b>L-T</b>	Longer-term
<b>MAO</b>	Market Access Offer

<b>MDG</b>	Millennium Development Goals
<b>MoU</b>	Memorandum of Understanding
<b>M-T</b>	Medium-term
<b>NA</b>	Not Available
<b>NEPAD</b>	New Partnership for Africa's Development
<b>NFA</b>	Non Focal Area
<b>NIP</b>	National Indicative Programme
<b>NRM</b>	Natural Resource Management
<b>NSA</b>	Non-State Actor
<b>NTB</b>	Non-tariff barriers
<b>OAU</b>	Organisation of African Unity
<b>PPP</b>	Public Private Partnership & Purchasing Power Parity
<b>PSC</b>	Peace and Security Council
<b>PTA</b>	Preferential Trade Area
<b>RAO</b>	Regional Authorising Officer
<b>RECs</b>	Regional Economic Communities
<b>REPSS</b>	Regional Payment and Settlement Systems
<b>RF</b>	Road Funds
<b>RI&amp;T</b>	Regional Integration and Trade
<b>RIFF</b>	Regional Integration Facilitation Forum
<b>RIO</b>	Regional Integration Organisation
<b>RIP</b>	Regional Indicative Programme
<b>RISM</b>	Regional Integration Support Mechanism
<b>RISP</b>	Regional Integration Support Programme
<b>RI&amp;T</b>	Regional Integration and Trade
<b>RMI</b>	Road Management Initiative
<b>ROM</b>	Result Oriented Monitoring (System)
<b>RRM</b>	Rapid Reaction Mechanism
<b>RSP</b>	Regional Strategy Paper
<b>SADC</b>	Southern African Development Community
<b>SALW</b>	Small Arms & Light Weapons
<b>SBS</b>	Sectoral Budget Support
<b>SQAM</b>	Standards, Quality Assurance, Accreditation and Metrology
<b>SSATP</b>	Sub-Saharan Africa Transport Policy Program
<b>T&amp;C</b>	Transport and Communications
<b>TBT</b>	Technical Barriers to Trade
<b>TCSPIP</b>	Transport and Communications Strategy and Priority Investment Plan
<b>TOR</b>	Terms of Reference
<b>USTDA</b>	US Trade and Development Agency
<b>VOCs</b>	Vehicle Operating Costs
<b>WTO</b>	World Trade Organisation

# **1 THE EVALUATION**

## **1.1 FRAMEWORK OF THE EVALUATION**

This evaluation serves the purposes of accountability to the European Commission (**EC**), the European Parliament and the Council, and ultimately European citizens. It is also part of the European Commission's efforts towards a results-oriented approach and a focus on impacts.

The evaluation of the Commission's support to the Region of Eastern and Southern Africa and the Indian Ocean (ESA-IO) was commissioned by the Joint Evaluation Unit (common to the EuropeAid Co-operation Office, DG Development and DG Relex) within the scope of the framework contract to evaluate "EC's Cooperation Policies and Programmes on Regional Cooperation and Regional Economic Integration". It is part of the 2006 evaluation programme as approved by the External Relations and Development Commissioners.

Having consulted the relevant EC Services, the Joint Evaluation Unit prepared the Terms of Reference (see Volume 2, Annex 1) and launched the evaluation in 2007.

## **1.2 SCOPE AND OBJECTIVES OF THE EVALUATION**

The central scope of the evaluation (i.e. what is to be assessed) is the Commission's co-operation strategy with the region of Eastern and Southern Africa and the Indian Ocean (ESA-IO) and its implementation for the period 1996-2007 with the objective of:

- providing the relevant external cooperation Services of the EC and the wider public with an overall assessment of the Commission's past and current cooperation relations with ESA-IO;
- identifying key lessons in order to improve the current and future strategies and programmes of the Commission.

More specifically the evaluation covers the following strategies and related implementation programmes:

- the 8<sup>th</sup> EDF RIP for East Africa (1996-2001) that covers Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Tanzania and Uganda, including the regional organisations of COMESA, EAC and IGAD;<sup>1</sup>
- the 8<sup>th</sup> EDF RIP for the Indian Ocean (1997-2001) that covers Comoros, Madagascar, Mauritius, Seychelles, including the Indian Ocean Commission<sup>2</sup>;
- the 9<sup>th</sup> EDF RSP/RIP for the Region of Eastern and Southern Africa and the Indian Ocean (2002-2007) that includes the regional organisations COMESA, EAC, IOC and IGAD<sup>3</sup>.

In particular – and as required by the ToR - the evaluation has focused on the assessment of:

- the relevance, coherence and complementarity of the Commission's co-operation regional strategies for the period 1996-2007;
- consistency between programming and implementation during the same period;
- coherence and complementarity between the Commission strategies at regional and country levels, (RSP and CSPs of the countries); and complementarity with the SADC RSPs and RIPs;

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<sup>1</sup> VIII/1132/96-EN2

<sup>2</sup> VIII/288/97-EN.

<sup>3</sup> The ESA-IO region as defined in the 9<sup>th</sup> RIP comprises: Angola, Burundi, Comoros, Congo DR, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe.

- implementation of the Commission's co-operation, focusing on effectiveness, efficiency, sustainability and impact for the period 1996-2002, and on intended effects for the period under the 2002-2007 programming cycle.

Focal areas of the evaluation include: (i) Regional Economic Integration and Trade (RI&T); (ii) Transport and Communications (T&C); (iii) Natural Resources Management (NRM); and (iv) Conflict Prevention, Resolution and Management (CPRM). These areas were initially identified in the ToR and were later confirmed on the basis of the following considerations: (i) RI&T, T&C and NRM, although to varying degrees according to the different EDF analysed, are all co-operation focal areas within the relevant RSPs/RIPs; (ii) CPRM, although not a focal co-operation area in either the 8<sup>th</sup> or the 9<sup>th</sup> EDF, has been confirmed in view of the ESA-IO region's instability and of the references made in all RSPs/RIPs to the importance of a peaceful and stable environment for the attainment of the specific and overall objectives of the envisaged interventions.

The strategies and programmes under evaluation are analysed in relation to other relevant and connected strategies, policies and interventions (extended scope), particularly: (i) the overall EC development strategies and policies affecting the region (e.g. EU Treaty, EU Consensus on Development, Cotonou Agreement, Lomé IV Convention, EPAs and other sectoral strategies and policies); (ii) EC actions at regional and all-ACP level (e.g. EU-AU Peace Facility, Horn of Africa Initiative, EU-Africa Partnership for Infrastructure); (iii) the African strategies and policies at both continental (AU / NEPAD) and sub-regional levels (COMESA, EAC, IGAD, IOC and SADC); (iv) other donor support to the region.

### **1.3 EVALUATION METHOD AND LIMITATIONS**

In accordance with the guidelines issued by the Joint Evaluation Unit, the evaluation was structured and carried out in three main phases: a desk phase including an inception phase; a field phase during which six countries were visited by the team (Djibouti, Ethiopia, Mauritius, Tanzania, Uganda, and Zambia); and a synthesis phase.

The ultimate responsibility for the management and supervision of the evaluation rested with the Joint Evaluation Unit. Progress was closely followed by a Reference Group (RG) chaired by the Joint Evaluation Unit and consisting of members of the concerned EC Services. The RG has provided advice and support through several meetings and consultations.

The study concentrated on eight key Evaluation Questions (EQ) and related judgement criteria, which are answered in chapter 4. These questions were formulated following careful analysis of EC regional strategies' priorities and objectives. The EQs were proposed by the evaluation team, and discussed with – and eventually approved by – the Reference Group members. The eight questions<sup>4</sup> guided the evaluation team's work in the sense that they helped focus data collection and analysis on issues of major interest for the intended users.

Principal sources of information have included:

- documentary review and analysis: including legal documents; EC, RIOs, AU and other donors policy and strategy documents; project documents; previous evaluations and statistics (a structured list of consulted documents is provided in Volume 2, Annex 2);

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<sup>4</sup> Full details on the formulation of the EQs, judgement criteria and indicators, on the process that led to their formulation, on the correspondence between EQs and areas to be covered as per ToR, and on the correspondence between EQs and the five standard DAC evaluation criteria, plus the two additional criteria of coherence and Community value added are provided in Volume 2, Annex 4.



- EC CRIS and ROM databases (see volume 3 for a full description of the inventory);
- 150 interviews overall, including interviews with EC representatives at both Headquarters (24) and Delegation (34) levels; ESA-IO MS Ministries / Institutions (13); RIOs' and IRCC Secretariats (31); EU MS, other bilateral donors and multilateral agencies (25); implementing agencies/project staff (16); other relevant stakeholders including project beneficiaries, academic and research institutions and civil society - in particular private sector representatives (7) (see Volume 2, Annex 3);
- two focus groups. Unfortunately, broad dispersion of stakeholders and organisational difficulties limited the number of possible focus groups. Nevertheless, two focus groups were held in Mauritius covering a broad range of stakeholders and both strategic and operational issues (see summary of focus group discussions presented in Volume 2, Annex 8).

Generally, the evaluation team's answers to the EQs derive from several of the above-mentioned information sources. The evaluation team has cross-checked sources as often as possible, for example across interviews with different categories of stakeholders and across documents, between documents and findings arising from focus groups, and – with specific reference to the conflict prevention, resolution and management issues - through cross-fertilisation with the team in charge of the 'Evaluation of EC aid delivery through Civil Society organisations'. The evaluation team has also undertaken a number of specific light analyses such as: benchmarking the ESA-IO countries' performance against that of African countries as a whole (see Volume 2, Annex 7); lexical analysis of strategy documents (see tables 7.1-7.3 in Volume 2, Annex 7); and light assessments of selected projects or programmes to verify their relevance and contribution to the implementation of the EC's regional cooperation strategy (see Volume 2, Annex 9).

The findings were organised through continuous and extensive consultations between team members (including but not limited to meetings). They were then further refined through multiple checks during the process of writing this report.

Conclusions derive from findings and involve value judgements based on the previously agreed judgement criteria. Conclusions are generally robust, although in some cases they suffer from some methodological limitations. More specifically, conclusions related to the overall strategic architecture and those related to the EC's contribution to institutional changes or policy reforms are robust, whereas those related to the EC's contribution to overall socio-economic changes is weaker. This is due to two main factors: (i) the very nature of the EC's regional intervention; (ii) limited availability or reliability of relevant quantitative data.

## 2 THE ESA-IO REGIONAL CONTEXT

### 2.1 THE ESA-IO SOCIO-ECONOMIC CONTEXT

The ESA-IO is a **heterogeneous and diverse region** in many of its aspects. The countries grouped under the ESA-IO banner vary in size, population, access to seaports and the value of social indicators. Despite the sharp acceleration in economic growth witnessed since 2004 with estimates for 2007 approaching the 7% MDG target growth rate, ESA-IO countries continue to **share low levels of economic development, high poverty and vulnerability to shocks** (average *per capita* GDP in 2005 of US\$600 as compared with the US\$720 average for Sub-Saharan Africa). 15 of the 21 countries are least developed countries.

**Table 1: Selected Economic and Social Indicators (USD and %)**

<i>Indicators</i>	<i>Average</i>			<i>Maximum</i>		<i>Minimum</i>	
	<i>ESA-IO</i>	<i>IOC</i>	<i>IGAD</i>	<i>Country</i>	<i>Amount</i>	<i>Country</i>	<i>Amount</i>
Population growth % p.a. 2005-10	2.23	1.82	2.81	Uganda	3.4	Swaziland	0.3
GDP per capita, USD PPP, 2006	3,223	7,233	1,649	Mauritius	14,519	Tanzania	594.0
GDP growth 1998-2006	3.32	2.62	3.9	Angola	9.0	Zimbabwe	-4.8
Overall fiscal balance % GDP 2005	-2.98	-2.1	-4.45	Angola	7.9	Eritrea	-19.7
Overall fiscal balance % GDP 2008 (p)	-3.86	-3.5	-4.61	Angola	3.8	Eritrea	-13.8
Inflation rate 2008 (p) excl. Zimbabwe	5.63	4.7	5.3	Eritrea	10.0	Seychelles	2.2
Current account balance % GDP 2008	-6.4	-8.0	-9.0	Namibia	9	Djibouti	-25
FDI 2005 USD million	262	39	407	Sudan	2,305	Burundi	-2
ODA net total 2005 \$m	675	251	914	Ethiopia	1,937	Seychelles	19
Foreign debt % GDP 2008	48.14	40.6	52.35	Malawi	165.5	Zambia	5.7
Water supply coverage % 2004	62.61	76.25	57	Mauritius	100.0	Congo DR	22.0
Life expectancy yrs. 2006	49.74	66.35	51.9	Mauritius	72.8	Swaziland	30.5
HIV adult prevalence % 2005	7.68	0.4	3.46	Swaziland	33.4	Comoros	<0.1
Adult (>15) illiteracy, % latest figure	22.92	24.02	36.61	Ethiopia	53.7	Zimbabwe	7.6
Gross primary school enrolment % 2004-05	95.6	79.66	87.3	Madagascar	134.0	Djibouti	39.0

*Source: based on data from OECD, African Economic Outlook, 2007, Paris*

Considerable differences and high levels of asymmetry also characterise the ESA-IO region from a peace and security perspective. Politically speaking the ESA region is fragile as almost all ESA countries have recently experienced, or are currently experiencing, violent conflict on varying scales somewhere within their borders. On the other hand, countries within the IO region are structurally relatively stable. Governance programming, rather than CPRM, is therefore the focus in the IO sub-region.

### 2.2 THE ESA-IO REGIONAL ORGANISATIONS

The region is characterised by the presence of multiple **RIOs**: COMESA, EAC, IGAD and IOC, with **overlapping membership and mandates**. Table 2 (next page) shows the overlapping geographical coverage of RIOs, thereby highlighting the fact that all countries embraced by the ESA-IO regional configuration – with the exception of Somalia - are members of at least two RIOs; while Table 3 (next page) shows how the mandates of RIOs in the ESA-IO region tend to overlap in many sectors, giving rise to significant problems. “Overlapping integration arrangements are clear manifestations of a lack of coherence in the integration process” and pose clear problems for member countries in complying with the obligations set by the different RIOs<sup>5</sup>. This is particularly evident in areas such as economic integration and trade as membership in more than one customs union is technically impossible.

<sup>5</sup> Assessing Regional Integration in Africa II: Rationalizing Regional Economic Communities. Economic Commission for Africa, 2006.

**Table 2: Membership of different RIOs, trading blocks and customs unions 2007**

	COMESA	COMESA FTA	EAC	IGAD	IOC	SADC <sup>2</sup>	ESA EPA <sup>3</sup>	EAC EPA	SADC EPA
Angola <sup>1</sup>						✓			✓
Burundi	✓	✓	✓					✓	
Comoros	✓	✓			✓		✓		
Congo DR <sup>4</sup>	✓					✓			
Djibouti	✓	✓		✓			✓		
Eritrea	✓						✓		
Ethiopia	✓			✓			✓		
Kenya	✓	✓	✓	✓				✓	
Madagascar	✓	✓			✓	✓	✓		
Malawi	✓	✓				✓	✓		
Mauritius	✓	✓			✓	✓	✓		
Namibia <sup>1</sup>						✓			✓
Rwanda	✓	✓	✓					✓	
Seychelles	✓				✓	✓	✓		
Somalia				✓					
Sudan	✓	✓		✓			✓		
Swaziland	✓	✓				✓			✓
Tanzania			✓			✓		✓	
Uganda	✓		✓	✓				✓	
Zambia	✓	✓				✓	✓		
Zimbabwe	✓	✓				✓	✓		

1. Angola, though included in the ToR of this evaluation, has since left COMESA and is no longer a member of the ESA-IO configuration as foreseen in the draft of the 10th EDF RSP / RIP for the ESA-IO Region; the same holds true for Namibia that withdrew from COMESA in 2004.

2. Although SADC falls outside the main scope of this evaluation, it is included as it shows significant overlaps in membership with three of the four RIOs of the ESA-IO region.

3. Only Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe had signed the interim ESA EPA as of December 2007.

4. DR Congo is subject to the CEMAC EPA.

**Table 3: Mandates of the Regional Organisation in Southern and Eastern Africa**

Mandate	COMESA	EAC	IOC	IGAD	SADC
Sustainable growth and development	X	X	X	X	X
Economic Co-operation	X	X	X	X	X
Political co-operation	X	X	X	X	X
Development of science and technology	X	X	X	X	X
Natural resource management	X	X	X	X	X
Food security	X	X		X	X
Development of social services	X	X	X	X	X
Cultural co-operation	X	X	X	X	X
Infrastructure development of	X	X		X	X
Peace and security	X	X	X	X	X
Macro harmonisation	X	X		X	X
Investment facilitation	X	X	X	X	X
Free trade area	✓	✓	X	X	2008
Customs union	2008	✓		X	2010
Common Market	Specified objective	2010			2015
Monetary and economic union	X	2012		X	2016
Free movement of persons	X	X		X	X

Source: adjusted/ updated from the Evaluation of the Commission's regional support to SADC, Desk report, 2007.

Note: X= planned, ✓ = already achieved. Dates indicate targets

Overlapping membership and mandates pose enormous challenges for the ESA-IO countries and their RIOs as well as for the EC development assistance programmes, most notably in the regional integration area as membership in more than one Custom Union is technically impossible (an overview of the four RIOs is provided in Annex 5, appendix 1).

Three of the four RIOs covered by the evaluation (COMESA, EAC and IOC), stress the importance of regional integration as the principle lever for an increased rate of economic growth and for a reduction in poverty, and in that objective they have been strongly supported by the EC. ESA countries have recorded **significant progress** with regards to **trade liberalisation and integration**. The EAC CU commenced operations in 2005 while the COMESA FTA now includes 12 countries and accounts for more than 80% of COMESA GDP and 85% of intra-community trade. Between 2000 and 2006 intra-COMESA trade grew at an annual average rate of 10.8% while total exports grew at an annual average rate of 17.6%, and COMESA trade in total world trade increased both as regards exports (from 3.7% to 5.8%) and imports (from 7.9% to 9.7%). For more details see Annex 7, EQ 8.

A number of problems however still need to be resolved. At present, the majority of COMESA States belong to more than one regional trade block (see Table 2 above), and among these, six are members of the SADC and part of the COMESA FTA which operates under different rules of origin from the preferential trading arrangement for SADC members. Furthermore, unless some rationalisation takes place if, or when, the COMESA FTA graduates to a Customs Union (CU)<sup>6</sup>, Kenya, Rwanda and Burundi would be members of two CUs (EAC and COMESA). Although COMESA has adopted a CET that is very similar to that of EAC to facilitate the possible merger of the two CUs, this would not resolve the issue of Tanzania which is currently a member of EAC and of SADC rather than COMESA. The situation as regards Swaziland and Madagascar – which, while now an FTA member, has expressed a preference for joining a future SADC CU - remains unclear. Being a member of more than one CU is not feasible, unless these customs unions' CETs, customs regulations, management systems, valuation systems and rules of origin - among other provisions - are identical.

In order to overcome the problems linked to overlapping mandates and membership, the four RIOs have put in place various measures to work towards complementing each other, including: (i) the signing of Memoranda of Understanding (MoUs) to harmonise and coordinate regional policies and programmes; and (ii) the alignment of trade regimes through the creation of the Joint COMESA-SADC Task Force, later expanded to include EAC and now known as the Tripartite meeting. In this regard, the Inter Regional Co-ordinating Committee (IRCC), initially set up to facilitate the implementation of the RIP of the 9<sup>th</sup> EDF, is playing a critical role as it acts as a forum of discussion between the four RIOs (and the EC and SADC).

### **3 SUPPORT TO THE ESA-IO REGION**

#### **3.1 EC STRATEGY IN THE ESA-IO REGION (1996-2007)**

The ESA-IO region was created with the signing of the 9<sup>th</sup> EDF RSP/RIP in November 2002. This new geo-configuration came into play based on the Cotonou Agreement principle of having overlapping regional organisations covered by one RSP.

The ESA-IO geographical configuration comprises the COMESA member states, plus Tanzania and Somalia, but excluding Egypt and Libya which are not ACP members. This means that the two

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<sup>6</sup> Although the COMESA custom union remains a stated goal of the Secretariat to be achieved by the end of 2008, at present, it is highly unlikely that this goal will be achieved; and it is equally unlikely that the those COMESA MS who are presently not members of the FTA (DRC, Ethiopia, Seychelles and Uganda) will join the FTA in the near future.

8<sup>th</sup> EDF RSPs/RIPs for the ESA and IO regions were replaced by a single RSP and RIP for the expanded region. Namibia withdrew from COMESA in 2004 while Mozambique had left as early as 1997. Neither are current members of the ESA-IO region, nor is Angola that has since left COMESA and has thus been excluded from the draft of the 10<sup>th</sup> RIP.

The political and strategic foundation of the EC's interventions in the ESA-IO region for the period 1996-2007 are set out in the following documents.

## GLOBAL LEVEL

Art. 177 of the **Amsterdam Treaty** defines the EU development policy priorities as (i) sustainable economic and social development; (ii) progressive and harmonious integration into the world economy; and (iii) poverty reduction.

The declaration of November 2000 on the **European Community's Development Policy** sets out a limited number of areas to which resources should be channelled. Areas - selected on the basis of their contribution to poverty reduction and for which Community action provides added value – include trade; regional integration and cooperation; support for macroeconomic policies; transport; food security and sustainable rural development; and institutional capacity-building, particularly in the areas of good governance and the rule of law.

## ACP LEVEL

The **Lomé Convention** governed the relations between the Africa Caribbean Pacific (ACP) states and the European Union in the period 1976-1999. These provided for: (i) specific ACP/EC trade preferences; (ii) development assistance. Regional co-operation and integration was given special importance and high priority under Article 7 of the Fourth Lomé Convention (1990 to 1999).

The **Cotonou Partnership Agreement** covers a twenty-year period (2000-2020), and governs relations between the EU and ACP. The Agreement strengthens the political dimension of the partnership and sets the framework for negotiating new trade agreements, putting an end to the system of non-reciprocal trade preferences and enabling ACP States to participate fully in international trade. It aims at alleviating poverty and promoting sustainable development and integration of the ACP countries into the world economy, by supporting the development strategies of the regional states that “The partnership shall provide a coherent support framework for the development strategies adopted by each ACP State”.

## REGIONAL LEVEL

The European Commission's development assistance to the ESA-IO region is implemented through successive European Development Funds (EDFs). The period 1996-2007 corresponds to the 8<sup>th</sup> (1996-2001) and 9<sup>th</sup> (2002-2007) EDF regional cooperation strategies.

The **8<sup>th</sup> EDF RIP for East Africa** (1996-2001) covers Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Tanzania and Uganda, including the regional organisations of COMESA, EAC and IGAD. Its overall stated objective is “sustained economic development in order to raise the standards of living and improve quality of life [...]” while priorities include (i) deeper regional economic cooperation and integration; (ii) integration into the world economy; (iii) strengthened regional solidarity, peace and security; and (iv) sustainable socio-economic development.

The **8<sup>th</sup> EDF RIP for the Indian Ocean** (1997-2001) covers Comoros, Madagascar, Mauritius, Seychelles, including the Indian Ocean Commission. The overall stated objective is “to contribute to social, economic and cultural development which must be tackled on a concerted, integrated and sustained basis [...]” and recognised priorities include *inter alia* poverty alleviation, sustainable socio-economic development, and strengthened regional economic integration and regional solidarity.

The **9<sup>th</sup> EDF RSP/RIP for the Region of Eastern and Southern Africa and the Indian Ocean** (2002-2007) includes the regional organisations COMESA, EAC, IOC and IGAD <sup>7</sup>. Its overall aims are to increase economic growth and reduce poverty through higher levels of regional economic integration. These two goals are particularly emphasised in the 9<sup>th</sup> EDF whereas in the 8<sup>th</sup> EDFs the reduction of poverty was cited as one of the goals along with human resources development, gender issues and environmental protection. In the 9<sup>th</sup> EDF the main strategy being followed to achieve poverty reduction comprises higher levels of export-led economic growth through economic liberalisation (in particular that of trade policy) and promotion of investment and supply-side measures. The specific challenges are the establishment of a Customs Union at a regional level, which will be founded on existing preferential trade areas and free trade areas.

**Table 4: Programmable resources and priority areas under the 8<sup>th</sup> and 9<sup>th</sup> ESA-IO EDF regional cooperation strategies**

EDF 8 EA RIP 1996-2001 ECU 194 million	Regional Integration and Trade, Transport and Communications (75%)
	Food Security, Agriculture and Natural Resources (20%)
	Other Activities (5%)
EDF 8 IO RIP 1996-2001 ECU 22.5 million	Trade, Investment and Finance (35%)
	Natural Resource Management (50%)
	Other Activities (15%)
EDF 9 ESA-IO 2002 – 2007 € 223 million	Economic Integration and Trade (45-55%)
	Natural Resource Management (15-25%)
	Transport and Communications (15-25%)
	Non-Focal areas (10-15%)

In terms of focal areas for the evaluation, the analysis of the RIPs highlights the following:

**Regional Integration and Trade.** The importance of RI&T within the EC regional cooperation strategies in the period considered is highlighted by the prominence given, within the RSP/RIPs, to the objectives of deeper and strengthened regional coordination and integration, which are either part of the overall objective of the RSP or a main priority or the first specific objective. Coordination and harmonisation of macro-economic and sectoral policies, liberalisation measures to facilitate trade (trade agreements, reduction of tariff and non-tariff barriers, customs procedures, etc..) are all indicated as areas in which EC support is envisaged (and has been provided) to support RIOs strengthening the institutional and regulatory framework for regional trade liberalisation and economic integration.

**Transport and Communications.** With the exception of the IO RSP/RIP, where the transport sector does not appear among the stated priorities, the ESA-IO regional cooperation strategies identify T&C as one of the pillars for increased trade and strengthened regional integration through improved inter- and intra-regional linkages and reduction in T&C costs. However, although shortcomings in T&C infrastructure are recognised as a serious constraint and despite the substantial allocations provided under the EC regional strategies for infrastructure projects and facilitation measures for T&C, resources allocated under the RIPs are insufficient to significantly address these shortcomings. The recent development of the EC-funded TCSPIP was intended to identify and prioritise infrastructure investments; it is expected to improve coordination with national project interventions, thus maximising impact at regional level.

**NRM.** The place of NRM in the EC regional cooperation strategies has been characterised by substantial allocations and diversified interventions in the areas of agriculture, trans-boundary and

<sup>7</sup> The ESA-IO region as defined in the 9<sup>th</sup> RIP comprises: Angola, Burundi, Comoros, Congo DR, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe.

land resource management, marine and coastal resources and environmental management. Overall the regional strategies pursue common goals and aim at: (i) developing a conducive and harmonised policy & regulatory framework; (ii) promoting regional scientific, technical and management frameworks for improved management of (shared) natural resources; and (iii) raising people's environmental awareness and knowledge.

**CPRM.** Strengthening regional security and regional development through regional economic and political integration are defined priorities for the EU in Africa. However, although the RSPs (except for the 8<sup>th</sup> EDF for the IO) include CPRM as a non-focal sector, the CPRM content in the RIPs under the 8<sup>th</sup> and 9<sup>th</sup> EDFs in the ESA-IO region is poor. Recognition of the importance of addressing CPRM (progress in which is indicated as a pre-requisite for poverty alleviation) in fact is not further reflected, as RSP/RIPs do not go into detail as to how CPRM-related objectives and priorities might be addressed.

### 3.2 IMPLEMENTATION OF EC DEVELOPMENT SUPPORT IN THE ESA-IO REGION

#### 3.2.1 IMPLEMENTATION UNDER THE 8<sup>TH</sup> AND 9<sup>TH</sup> EDF RIPs <sup>8</sup>

The table below provides an overview of the amounts allocated, committed, contracted and paid under the 8<sup>th</sup> and 9<sup>th</sup> regional strategies, and highlights the importance of the focal sectors selected for the evaluation. RI&T, T&C and NRM, although to varying degrees, according to the different EDFs analysed, are all co-operation focal areas within the relevant RSPs/RIPs. Throughout the three regional strategies analysed, €212 million have been allocated to the regional integration and trade focal sector that therefore absorbs approximately 42% of the regional allocations, followed by the transport and communications sector (29%) and natural resources management (23%).

**Table 5: Macro-sectoral allocations and disbursements under the regional strategies for the ESA-IO region (8<sup>th</sup>, 9<sup>th</sup> EDF)**

		Allocated*		Decided**		Contracted**		Paid**	
		Euro	%	Euro	%	Euro	%	Euro	%
8 EDF East Africa 1996-2001	RI	72.750.000	37,5	23.890.437	14,4	23.168.837	16,4	22.762.270	19,4
	Transport	72.750.000	37,5	70.088.223	42,4	66.244.665	46,9	54.889.503	46,8
	NRM	38.800.000	20,0	70.311.671	42,5	50.612.198	35,9	38.875.778	33,1
	NFA	9.700.000	5,0	1.088.858	0,7	1.088.858	0,8	863.858	0,7
	<b>Total</b>	<b>194.000.000</b>	<b>100</b>	<b>165.379.189</b>	<b>100</b>	<b>141.114.558</b>	<b>100</b>	<b>117.391.409</b>	<b>100</b>
8 EDF Indian Ocean 1997-2001	Reg. econ. dev.	8.925.000	35,0	10.940.894	44,9	10.940.894	47,5	6.869.129	39,1
	NRM	12.750.000	50,0	12.617.971	51,8	11.305.620	49,0	9.998.210	56,9
	NFA	3.825.000	15,0	802.861	3,3	802.861	3,5	704.271	4,0
	<b>Total</b>	<b>25.500.000</b>	<b>100</b>	<b>24.361.726</b>	<b>100</b>	<b>23.049.375</b>	<b>100</b>	<b>17.571.610</b>	<b>100</b>
9 EDF ESA-IO 2002-2007	RI	131.000.000	45,6	124.485.512	43,3	44.575.596	26,9	24.847.036	35,4
	TCI	63.000.000	22,0	89.300.000	31,1	86.294.472	52,1	25.468.437	36,3
	NRM	72.000.000	25,1	63.625.796	22,1	34.809.528	21,0	19.822.537	28,2
	NFA	21.000.000	7,3	10.101.708	3,5	101.708	0,1	101.708	0,14
	<b>Total</b>	<b>287.000.000</b>	<b>100,0</b>	<b>287.513.016</b>	<b>100,0</b>	<b>165.781.304</b>	<b>100,0</b>	<b>70.239.718</b>	<b>100,0</b>

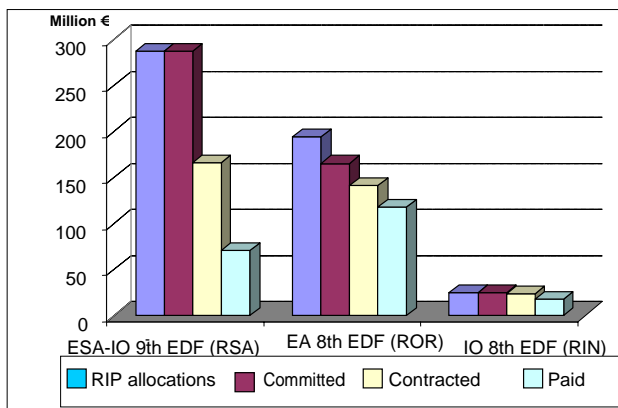
Sources: Addendum to RIP 9<sup>th</sup> EDF (data after MTR) + RIPs 8<sup>th</sup> EDF for EA and IO regions; Own calculations based on the inventory of regional projects prepared by the team (see volume 3).

<sup>8</sup> The full inventory (presented in volume III), on which the analysis presented in this chapter is based, only includes projects and programmes that have been agreed and for which the amounts planned were indicated in the CRIS database system in November 2007.



The analysis of the amounts allocated, committed, contracted and paid under the 8<sup>th</sup> and 9<sup>th</sup> regional strategies, highlights the following<sup>9</sup>:

**Figure 1: Amounts allocated, committed, contracted and paid for regional projects in the ESA-IO region, 8th and 9th EDFs (1996-2007)**



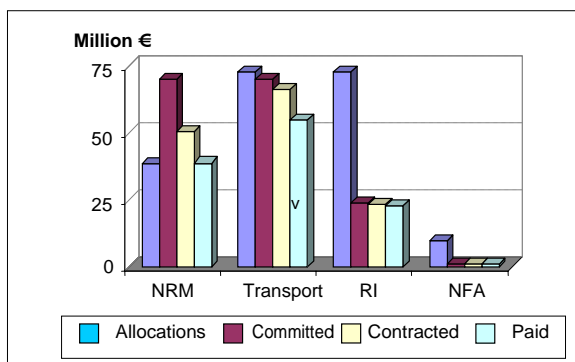
Data gathered shows a perfect correspondence between the total amounts allocated and committed under the 9<sup>th</sup> EDF and almost perfect for the IO 8<sup>th</sup> EDF. Differences however arise at sectoral level (see following sections). Amounts contracted and paid for regional projects under the ESA-IO region 9<sup>th</sup> EDF clearly appear to be far behind in relation to the previous strategies. This is easily explained by the fact that important programmes, e.g. the Regional Integration Support Mechanism (€78 million) have only recently been approved and that many projects still need to be

funded. Likewise, a number of projects funded under the 8<sup>th</sup> EDFs continued during the following programming period, and as evident from the figure, significant gaps can still be detected in terms of correspondence between amounts committed, contracted and paid under the two RIPs of the 8<sup>th</sup> EDF.

### *The East Africa region 8<sup>th</sup> EDF RIP*

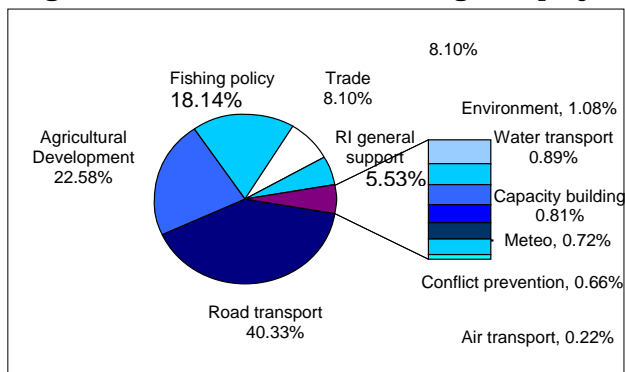
**Figure 2: Amounts allocated, committed, contracted and paid under the 8th EDF RIP for East Africa**

Under the 8<sup>th</sup> EDF a total of 28 regional projects have been agreed for the Eastern Africa region, with most



projects contracted and almost fully disbursed. Data analysed shows that not all funds allocated have been committed (the latter stops at €165 million, i.e. 85% of amounts indicated in the RIP). Stronger imbalances between overall initial allocations and amounts committed can be observed at sectoral level: (i) even together, regional integration and transport projects fall short of the allocated amount according to the RIP (56.8% versus 75%); (ii) non-focal areas are underfunded with respect to the regional strategy; and (iii) the NRM sector has benefited from far more funding than planned (€32 million more).

**Figure 3: Overview of sectors for regional projects in the East Africa region 8<sup>th</sup> EDF**



Among sectors, road transport projects have attracted most EC regional funding (over 40%), followed by agricultural development and fishing policy projects. It is therefore the NRM sector that has absorbed a very high share of funding, although the two principal NRM projects (Implementation of a Fisheries Management plan for Lake Victoria €29.9m; Agricultural Research Support in East Africa €29.3m) are also those that witnessed the lower rate of disbursement. Finally, projects aimed at stabilising the region (in particular the IGAD area) have been

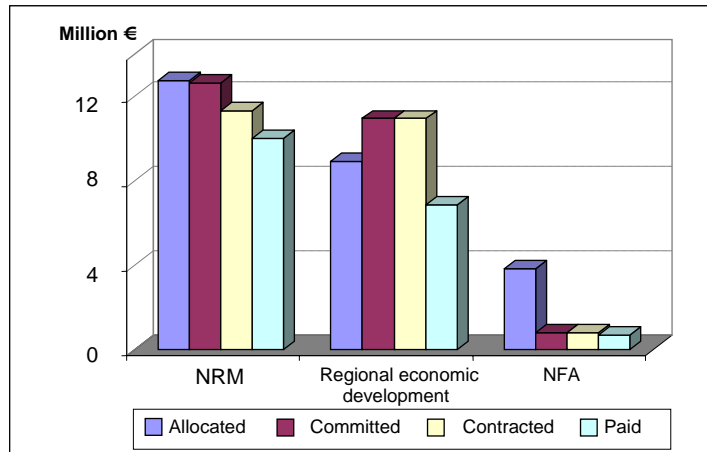
<sup>9</sup> All figures are based on calculations of the authors based on the inventory of projects and programmes based on CRIS database system data as of November 2007 and presented in volume III.



less important than expected and mainly cover the support to the OAU liaison mission in the Ethiopia-Eritrea peace process.

### The Indian Ocean region 8<sup>th</sup> EDF RIP

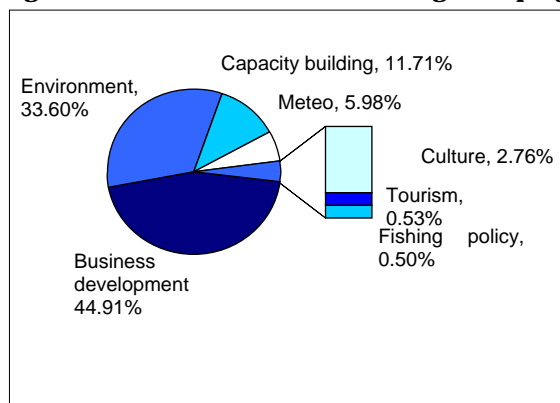
**Figure 4: Amounts allocated, committed, contracted and paid under the Indian Ocean 8<sup>th</sup> EDF RIP**



Data analysed shows that whereas the total amount committed is only slightly below the initial allocation (approx. €1m less), significant imbalances between overall initial allocations and amounts committed can be observed at sectoral level, mainly as a consequence of the approval of two investment facilities/funds (classified under RI&T) whose committed amounts represents almost 45% of total amounts for the IO region. The non-focal area (NFA) category has suffered more under-funding (only 3.3%

of overall resources committed versus the 15% initially allocated). All in all a total of 13 regional projects have been committed, with most projects contracted and funds almost fully disbursed.

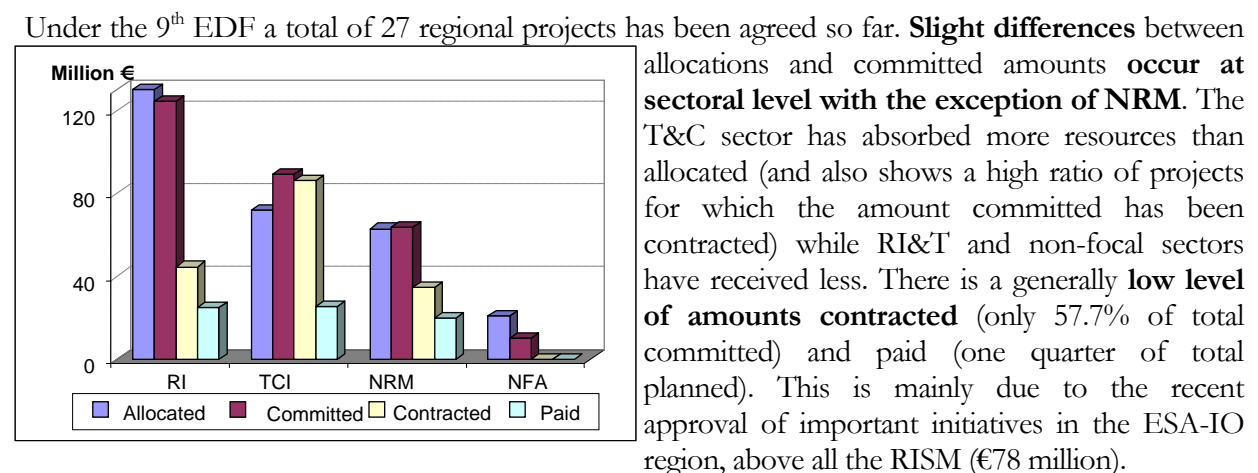
**Figure 5: Overview of sectors for regional projects in the IO region 8th EDF (1997-2001)**



The above mentioned investment funds classified in the business development sector dominate the sectoral allocations. Among the projects dedicated to the protection and management of natural and maritime resources (environment), the regional programme for plant protection enjoyed the highest amount of funding (almost €5 million). Non-focal areas, also encompassing several initiatives in the health and gender areas, covered only a major project in the cultural sector and the continuation of a tourism initiative from the previous EDF.

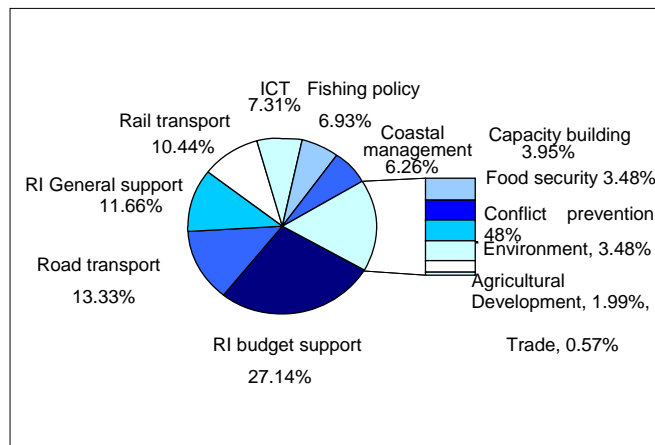
### The RIP for the ESA-IO Region 9<sup>th</sup> EDF RIP

**Figure 6: Amounts allocated, committed, contracted and paid for regional projects in the ESA-IO region 9th EDF (2002-2007)**



**Figure 7: Overview of sectors for regional projects in the ESA-IO region 9th EDF (2002-07)**

Looking at specific sectors, **regional integration** is by far the most important sector as it includes both



the RISM and the RISP programmes as well as a smaller trade specific initiative. The RISM and the RISP pursue similar global objectives, i.e. contribute to the ESA-IO's regional integration process though with differences in emphasis; while the RISP's approach is to support the RIOs in implementing their regional integration agenda programmes (RI general support), the RISM (which is by far the most significant initiative with 27% of the overall amount under the 9<sup>th</sup> EDF for the ESA-IO region) places more emphasis on member states by assisting them in meeting

their regional integration commitments (RI budget support). **Transport & Communications** comes second with three major components (road transport 13%, rail transport 10% and ICT 7.3%), followed by NRM (fishing policy and coastal management).

### 3.2.2 EC DEVELOPMENT SUPPORT IN THE ESA-IO REGION AT COUNTRY LEVEL

The review of the CSP/NIP original documents for the 9<sup>th</sup> EDF NIPs conducted to identify possible synergies / complementarities between the two levels (regional and national), and more generally the further analysis of EDF projects implemented at national level over the period 1996-2007, has highlighted the following<sup>10</sup>:

- Overall the amounts allocated under 9<sup>th</sup> EDF NIPs of the ESA-IO countries total just above €3,000 million (over €7,800 if the 8<sup>th</sup> EDF is included) with a strong correlation between country population size and the level of funds programmed for a given country<sup>11</sup>.
- Infrastructure (including T&C) and economic development projects and programmes attracted the largest proportions of programmed funds for the 9<sup>th</sup> EDF, respectively 26.8% or €807 million, and 25.9% or €787 million. The importance of the two sectors is confirmed when looking at overall amounts paid in the period 1996-2007, although in reversed order, with economic development absorbing 43.4% of paid amounts (i.e. €2441 million) also due to the increased importance of budget support that alone attracts over one third of EDF funding.
- NRM activities represent the main focal sector in the small IOC island-states of Mauritius (€28 million out of €33 million) and Seychelles (€3.3 million out of €3.9 million), where they amount to 85% of total allocations under the 9<sup>th</sup> EDF.

<sup>10</sup> This section presents data and findings related to the analysis of two major sources of data: (1) the NIPs of the ESA-IO countries under the 9<sup>th</sup> EDF; in this case reference is made to overall allocations, i.e. the NIPs planned indicative distribution of funds among focal and non-focal sectors, without taking into account the actual implementation of the NIPs; (2) the analysis of national EDF projects implemented during the period 1996-2007. The full inventory is presented in Volume 3.

<sup>11</sup> The most populated country, Ethiopia (almost 80 million people), was programmed to receive the highest amount of funds (€384 million) and the least populated one, Seychelles (less than one hundred thousand), was programmed to receive the lowest amount (€3.9 million).

**Table 6: RIPs and NIPs macro-sectoral allocations under the 9th EDF (2002-2007)**

Macro-category	RIPs	NIPs	Correspondence
Economic development	45-55 %	25.9% of which only 0.3% for support to RI	Low
NRM	15-25%	16.5%	High
T&C / Infrastructure	15-25%	26.6%	Medium to High
NFA	10-15%	31%	Low (medium if we focus on CPRM)

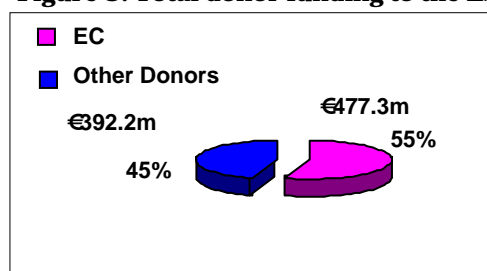
*Source: own elaboration of 9<sup>th</sup> EDF NIPs data*

- The macro-sectoral repartition of allocations under the 9<sup>th</sup> EDF RIPs and NIPs show: (i) a high level of correspondence for NRM; (ii) medium level for T&C, although it should be noted that this becomes high if only road transport is considered; and (iii) low level of correspondence for RI (with only 0,3% of NIP allocations for RI) and NFA. With regards to RI, only half of the NIPs contain express indications of initiatives directly supporting RI efforts and only in five cases does support to RI&T appear among NIP focal areas<sup>12</sup>. On the contrary, as regards NFA, whereas at regional level CPRM, governance, health, education, are either absent or fall under the NFA, at national level they total over 30% of all projects, with CPRM and human rights projects alone totalling over 10% of amounts planned for national projects.
- Finally, it is also worth noting that the CPRM and human rights areas attract over 10% (or €80 million) of total funding to the ESA-IO region from other EC budget lines over the period 1996-2007 which amount to €882 million. Further analysis has also highlighted that just over 50% of this amount is attracted by IGAD member countries.

### 3.3 OTHER DONORS

The analysis of the amounts of aid allocated to the ESA-IO region by other donors has highlighted the following<sup>13</sup>:

**Figure 8: Total donor funding to the ESA-IO Region, 1996-2007**



Funding from other donors at the ESA-IO regional level represents 45% of total commitments (estimated at €870 million for the period considered, encompassing the 8<sup>th</sup> and 9<sup>th</sup> EDF). This confirms the prominent role of the EC among donors in supporting regional integration efforts in the ESA-IO region and in implementing projects at regional level.

Overall the total funding from other donors amounts to €392 million. Leading donors include the European Investment Bank (EIB), USAID, the African

<sup>12</sup> 11 out of the 21 NIPs of countries belonging to the ESA-IO region contain express indications of initiatives directly supporting regional integration efforts. Most of these initiatives appear among the non-focal sectors / other programmes section of NIPs (6/11) and only in five cases NIPs or related tables in the annexes report specific amounts assigned to regional integration support. These amounts are, however, negligible, and usually refer to accompanying actions that are complementary and coherent with continental and regional initiatives. The two most notable exceptions are Ethiopia, where the CSP/NIP envisages that a tentative amount of 5% of the available A-envelope be reserved for capacity building in economic reform and integration, and Uganda where RI is mentioned among the non-focal interventions and among macro-support and economic reforms priorities.

<sup>13</sup> This section presents data and findings related to the analysis of projects and programmes funded by other donors as summarised in the annexes to the 9<sup>th</sup> and 10<sup>th</sup> (draft) EDF for the ESA-IO region which provides a comprehensive set of information for the regional projects funded by external donors in the period 1996-2007. The full inventory is presented in Volume 3.

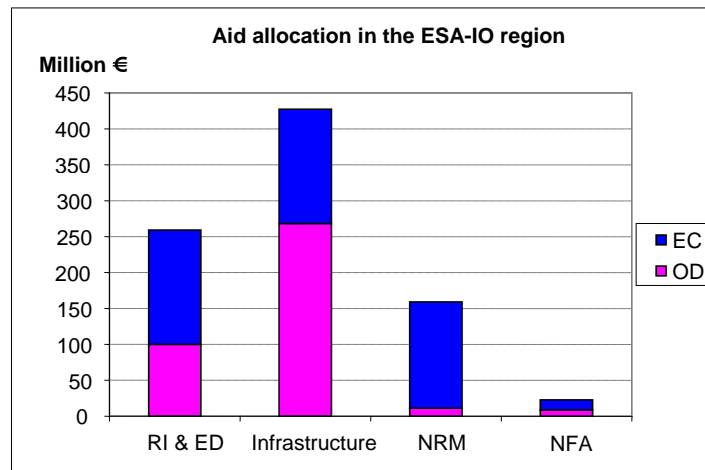
Development Bank (ADB), and the World Bank, covering respectively 14.97 %, 7.79%, 1.46% and 1.31 % of the total amount of funding to the region, not accounting for joint initiatives.

Most funds for regional initiatives in the ESA-IO region come from multilateral donors and joint initiatives (89%). A total of eight EU countries carried out regional projects in the ESA-IO area, with EU MS funding amounting to €11.1 million, which represents 25% of bilateral donors funding or 2.8% of total funding by other donors (including multilateral donors).

**Figure 9: Macro-sectoral allocation of donor funding to the ESA-IO Region, 1996-2007**

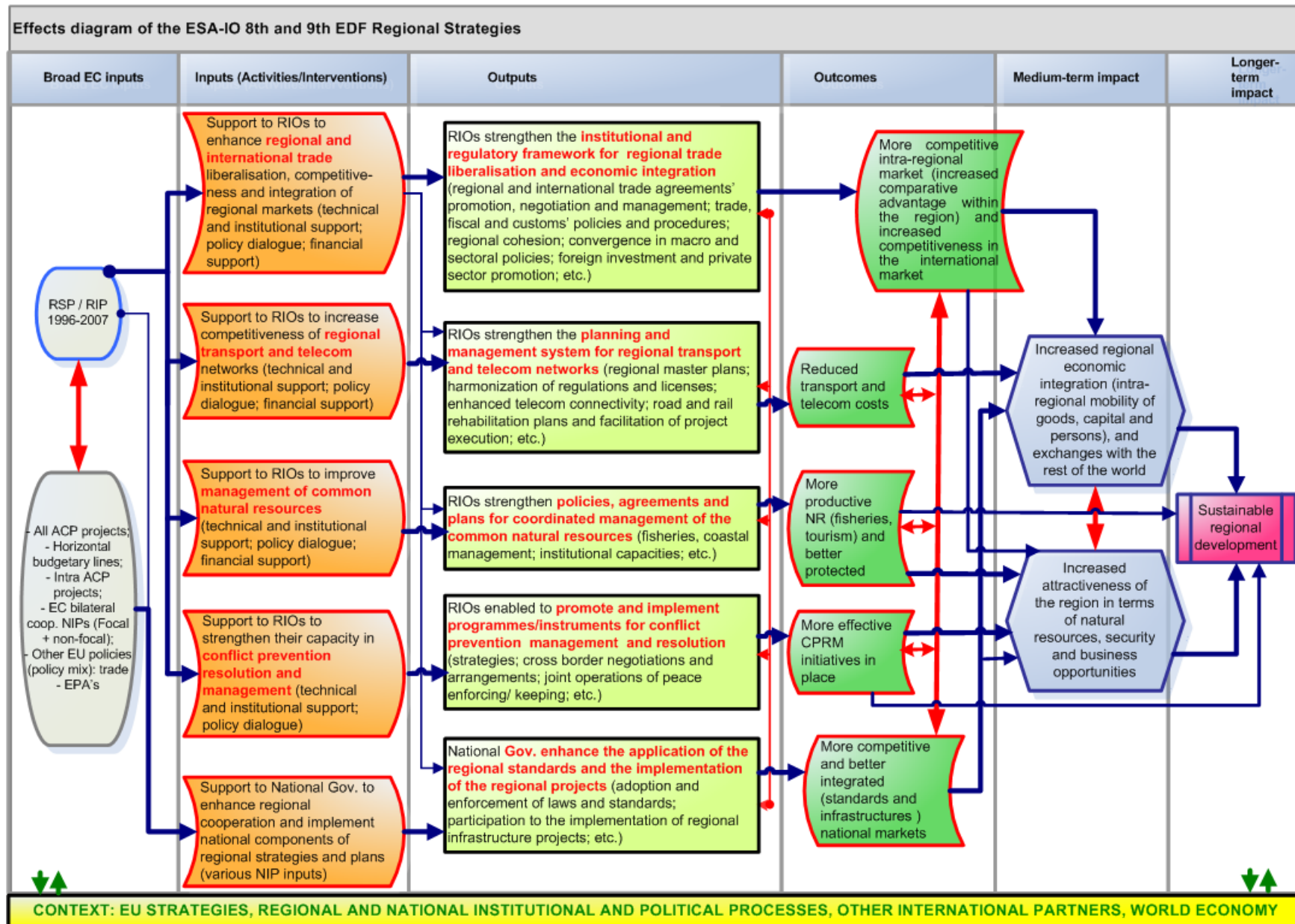
Whereas the EC has allocated a rather similar amount of funds among the focal sectors of the regional strategies for the ESA-IO area (8<sup>th</sup> and 9<sup>th</sup> EDF), the focus of other donors' funding has been on infrastructure, which has absorbed 68.5% of funding, amounting to an absolute figure of €268.9 million (i.e. far above the € 159.3 million of the EC).

Nevertheless, an aspect common to the EC and the other donors is the relatively limited amount of funding allocated to the sectors outside the focal areas at regional level (at national level the picture significantly changes). For both EC and other donors, such projects, grouped under the NFA category, have received less than 3% of the total amount allocated in the ESA-IO region during the period considered.



### 3.4 LOGIC OF EC SUPPORT

Having analysed the 8<sup>th</sup> and 9<sup>th</sup> EDF strategies through a series of logical diagrams (see volume 2, annex 4), and the related interventions, the evaluation team has taken a step forward in uncovering the implicit logic underlying the documents. This has resulted in a simplified overall picture encompassing all EC interventions. The synthesised effects diagram combining the 8<sup>th</sup> and 9<sup>th</sup> EDFs shows that the sectors supported have largely been continued from the 8<sup>th</sup> EDF into the 9<sup>th</sup> EDF for the ESA-IO Region with almost identical intended effects; and highlights the links between the different sectors and their combined contribution to the medium and long-term objectives of the EC Regional Strategies. A second diagram is also included to show the levels of analysis of the different Evaluation Questions.





## 4 MAIN FINDINGS

### 4.1 EQ 1: RELEVANCE & COHERENCE OF THE OVERALL STRATEGY AND INSTITUTIONAL STRUCTURE

**EQ 1. *To what extent are the regional strategies put in place by the 8<sup>th</sup> and 9<sup>th</sup> EDFs in the ESA-IO region relevant to the overall EC development strategies and coherent with the different EC policies affecting the region, in particular trade; and to what extent are they relevant to the African Union/NEPAD strategy and to the strategies of the different RIOs involved?***

Overall answer to EQ 1:

***SUMMARY: ESA-IO Programme is relevant to EU development strategies, coherent with other EU policies, in particular trade, relevant to the AU/NEPAD and RIOs' strategy. The relationship between the EPA negotiations and the RIOs' institutional framework as well as the multi-regional architecture of the Programme have raised concerns about its capacity to support the individual RIOs and fit the AU regional integration strategy.***

Both the 8<sup>th</sup> and 9<sup>th</sup> EDF RSP are **relevant to the EU development strategies** and – to a large extent - coherent with the various EC policies. Changes introduced with the 9<sup>th</sup> EDF are in line with the overall objective of EU development policy and with the Millennium Development Goals, which place poverty eradication at the top of the agenda.

In addition, the change registered in the 9<sup>th</sup> EDF, away from predominantly functional cooperation towards policy support and more particularly support for the regional integration agenda of the RIOs, demonstrates a high degree of **relevance to the Cotonou Agreement** which emphasises the importance of regional economic integration and cooperation and the need to build on regional integration initiatives of ACP States to promote economic and trade cooperation.

RSP/RIPs' support to the focal areas of NRM and T&C is fully in line with overall EC development strategies and objectives, and policies and strategies are both consistent and relevant. A different consideration relates to **CPRM**. Despite statements recalling high priority for conflict prevention and fragile states, CPRM is not adequately streamlined in the focal sectors, nor is it considered to be a focal sector or a cross-cutting issue. In addition, coherence between the objectives of the 9<sup>th</sup> EDF and RIOs' strategies is questioned by some RIOs (IGAD, and partly EAC). EC/EU programmes directed towards the AU, and those directed toward RIOs do not include specific arrangements to ensure coherence and mutual support. They are run rather in parallel, this despite the fact that the AU has become a principal EC/EU partner in security activities within the region. Furthermore, both the AU and IGAD have observed that the EC approach and priorities on CPRM and regional integration should be better clarified.

On Regional Integration and Trade (**RI&T**). The ESA-IO programme and the EPA negotiation process have given and are giving space to the concern (expressed by AU, COMESA, EAC, IGAD, and some EC Delegations) that there may be an explicit or implicit attempt to redesign the regional integration process in this part of Africa. It has been perceived that the outcomes of the EPA negotiations - by favouring the emergence of divergences of interests between countries belonging to the same RIOs/RECs and the ensuing creation of new groupings, as well as enhanced national paths – could not fully support regional integration strategies, efforts and the capacity building processes of the RIOs, as promoted by the AU. The present large coincidence between the single EPAs and the core groups of EAC, SADC, and IOC has reduced such a perception, although a risk of fragmentation remains.

The **global architecture** of the ESA-IO programme is also viewed with a certain concern by the AU and the RECs involved. Indeed, the AU currently emphasises the need for a “rationalisation of the Regional Integration process”, with a focus on the existing RECs<sup>14</sup>. Such rationalisation should help strengthen the specific priorities of each REC, while addressing the issues of harmonisation and overlapping membership and programmes. There is the risk that the ESA-IO programme and its mechanisms, as established by the 9<sup>th</sup> EDF, are seen as an attempt to promote a new sub-regional dimension for regional integration and cooperation.

There are significant expectations by the RIOs of stronger support for investment in infrastructure, including investment facilitation, preparation and monitoring.

***JC 1.1 - RSPs/RIPs objectives (both at general and sectoral level) are relevant to – and have been adjusted to respond to changes in – the overall EC dev strategies***

The increased focus on the objective of poverty reduction stated in the Cotonou Agreement and emphasised in the European Consensus is fully reflected in the 9<sup>th</sup> EDF RSP/RIP. Unlike previous EDFs, which focused on sustained economic development and where reduction of poverty was cited as one of the goals, the 9<sup>th</sup> EDF explicitly states that “*the overall aim of the RSP [9<sup>th</sup> EDF] is to increase economic growth and reduce poverty through higher levels of economic integration*”.

Furthermore, with the coming into play of the new geo-configuration of the ESA-IO region under the 9<sup>th</sup> EDF, the RSP changed regional cooperation from predominantly functional cooperation to policy support and more particularly support for the regional integration agenda of the RIOs. Such change reflects Art. 29 of the Cotonou Agreement whereby ‘Cooperation shall, in the area of regional economic integration, support development and strengthening of the capacities of: (i) regional integration institutions and organisations set up by the ACP States to promote regional cooperation and integration; [...]’.

The RSP/RIPs support to two of the other focal areas of the evaluation, namely Transport and Communications and Natural Resources Management is also fully in line with the ECs overall development strategies and objectives. This however does not hold true with reference to CPRM. In this case, the objectives of the RSPs are not particularly relevant to EC development strategies in the CPRM area nor have they adjusted to changes therein. In fact despite the statements recalling the importance of CPRM for fragile states, CPRM is neither a focal sector nor has it been adequately streamlined in the other focal sectors.

***JC 1.2 - There is coherence between the objectives of the RSPs, the EC development strategies and other EU policies affecting the region, in particular trade policies***

The documentary review highlighted that RSPs/RIPs refer to and take into account other EC policies with external dimensions and other assistance instruments (trade policies and EPA negotiations, thematic budget lines, EIB funding, etc). Further analysis and interviews however have highlighted a number of issues as follows:

- **RI&T.** EPAs are given high priority in the 9<sup>th</sup> EDF RSP as a means of assisting the overall region in integrating itself more successfully into the global trading system. However, stated objectives and overall coherence on paper are not yet adequately reflected in outcomes. General concern, especially in the first phases, has been expressed with regards to the outcomes of the EPA negotiations which have been considered as potentially destabilising the regional integration design, by favouring a certain fragmentation of the regional integration process in the region and the enhancement of national paths to trade and economic growth<sup>15</sup>. Such

<sup>14</sup> Assessing Regional Integration in Africa II: Rationalizing Regional Economic Communities. Economic Commission for Africa, 2006

<sup>15</sup> For example, the EAC market access offer to the EU would not be acceptable to a number of COMESA countries such as Zambia who fear that imports of sensitive goods from the EU would damage their economies. This implies that for Zambia to join the same CU as the EAC MS there would have to be a new market access agreement. There

concern remains, although the present status of negotiations shows that the interim EPAs fit the RECs' framework beyond expectations, namely in the case of SADC, EAC and, partly, IOC.

- **T&C.** Although overall coherence of objectives is ensured, increased linkages between the RSP/RIP and other assistance instruments could play a particularly critical role in the T&C sector as significant infrastructure improvement requires greater resources than can be made available from a single source. Two main initiatives are likely to play a significant role in this: (i) the EU-Africa Partnership for Infrastructure established for T&C infrastructure investment and harmonisation of T&C policies by way of leveraging EDF, EIB and EU MS resources; (ii) the forthcoming TCSPIP that should inform such investments.
- **NRM.** Whereas environmental conservation policies are strongly relevant to and coherent with the overall EC policy framework, there is still a need for improved coordination and communication on regional fisheries in order to enhance coherence between the approaches of DG Dev (emphasis on sustainable management of resources) and DG Fisheries (emphasis on the supply and quality of fish exports to the EU).
- **CPRM.** Though there is coherence between objectives and policies, in practice programmes directed towards the AU and those directed toward REC/RIOs do not seem to be mutually supportive – rather parallel, thus highlighting the fact that, in relation to CPRM, the RSPs/RIPs of the ESA-IO region do not take sufficiently into account other EC policies with external dimensions and other assistance instruments.

***JC 1.3 - The objectives and the institutional approaches of the RSPs (EDF 8 and 9) are consistent with - and relevant to - the African Union / NEPAD strategic framework and action priorities***

In principle there appears to be a **strong relevance** of the 9<sup>th</sup> RSP *vis-à-vis* AU/NEPAD strategic framework and priorities. Although no specific cross-references can be detected at sectoral level, sectoral programming either contributes to the achievement of AU/NEPAD priorities (e.g. TCSPIP) or complies with the NEPAD policy framework (NRM).

Despite an overall coherence in objectives between the RSPs and the AU/NEPAD priorities, several key issues give rise to concern. The first relates to the fact that the ESA-IO dimension or configuration is perceived by the AU as possibly in contrast with its **regional integration** strategy based on RECs. Although the RSP emphasises the support to RIOs thus contributing to the strengthening of sub-regional groupings (considered by the AU as building blocks of the continental market) the actual institutional set-up of the programme and the design of certain programmes (e.g. in CPRM, or the RISM) tend to emphasise an ESA-IO dimension, rather than the specific dimensions of each RIO. In addition, there is no mention of the AU/NEPAD goal of a continental market. This concern has been reinforced by a number of facts:

- the EPA process has been perceived as a threat to the regional integration design supported by the AU (see above);
- the implications and the coherence of the design of some programmes (e.g. the CPP), based on a form of division of labour among the different RECs of the region *vis-à-vis* the AU and specific RECs' strategies, have not been sufficiently considered;
- the RISP, which has remained so far centralised at the COMESA level, and has suffered from major delays in its extension to other RECs;
- the RISM, which will be run by COMESA in a direct relationship with the single national governments, in a framework that does not seem either realistic (COMESA CU) or acceptable (e.g. by EAC);
- last but not least, the fact that, in some drafts of the 10<sup>th</sup> EDF document circulated among the RIOs, there is a mention of "the seventeen MS which are in the region ESA-IO": in fact the

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could not be different tariff treatment of EU goods by different ESA-IO members of the same CU, and the EAC countries would probably be reluctant to renegotiate that agreement. The same considerations would discourage non-FTA members such as Ethiopia from joining the current COMESA FTA or future CU.



total number of member states of different RIOs is nineteen. This mention, though its marginal relevance and its quick correction, has been perceived as a pre-configuration of a new or different region, based on the EC mechanisms.

In the **CPRM** area there appears to be overall coherence, this despite the fact that CPRM is given high priority at AU/NEPAD level while it is a non-focal area in the regional EC strategy. What seems to be lacking, however, is coordination between initiatives managed at AU level and those implemented under the ESA-IO framework. This is even more striking considering the growing importance of the AU as a key EC partner in security activities in the region.

***JC 1.4 - Objectives and institutional approaches of the RSPs (EDF 8 and 9) are consistent with and relevant to the different strategies and mandates of the RIOs involved and to their changing political priorities***

Most of the issues under this JC have been addressed in relation to the AU strategy above.

There is increasing convergence of RSPs' overall and sectoral objectives, and approaches to those of the RIOs, and quality of analysis and **alignment** of RSPs have improved. Although RSP objectives are mostly consistent with and relevant to the different strategies and mandates of the RIOs as well as to their changing political priorities, priorities of some RIOs are better represented than others. In fact, whereas the key priorities of COMESA, EAC and IOC are fully reflected and fall under the focal sectors of the EC strategy, the priorities of IGAD are given lower prominence. Once again, **CPRM** appears to be a critical sector as it represents a key priority for IGAD but is reflected in the EC regional strategy only as a non-focal sector, with the obvious consequences this may have on the size and quality of assistance. In addition, while on paper the CPRM objectives of the 9<sup>th</sup> EDF are aligned with RIOs' strategies, field discussions revealed that this is not more than superficially true. Furthermore, so far at institutional level the centralisation of the RISP has not favoured the capacity-building processes in each RIO.

IGAD, for example, does not feel that the EC had a good understanding of its specific capacities and strategies. Both IGAD and the AU have mentioned that the inconsistent, and at times weak, level of understanding from the EC resulted in poor quality programming, consultation and delivery. IGAD in particular complains about the delay of the institutional assistance, and its exclusion from the leadership of the Horn of Africa Initiative in favour of the IRCC.

On the other hand, both EAC and IOC have expressed the desire of negotiating their own RSP/RIP for the 10<sup>th</sup> EDF.

At a more general level, RIOs have expressed a strong demand for increased institutional support together with a push for a stronger focus on supporting investment in infrastructure. The programme is contributing to creating a priority framework to identify and prioritise regional investments in T&C (see EQ 5), and specific actions are required by the regional stakeholders, namely to help identify, instruct, broker and monitor investment projects of regional importance. This would also avoid over-funding of institutional building beyond the reasonable absorption capacity of the recipient institutions, as might be the case with the 10<sup>th</sup> EDF.

## 4.2 EQ 2: RIOS' OWNERSHIP

**EQ 2. To what extent is the EC regional strategy in the ESA-IO shared and owned by the different RIOs and their member states (including – to the extent possible - references to the levels of information and participation of the civil society), considering the overlapping membership and the ongoing coordination processes (IRCC) with their strengths and weaknesses? And to what extent has the EC put in place capacities and mechanisms (at both EC Delegation and Headquarters level) to further and promote dialogue and coordination with and among RIOs?**

Overall answer to EQ 2:

**SUMMARY: RIOs' ownership (especially for COMESA) has increased thank to the use of the Contribution Agreements. IGAD does not consider that its priorities have been adequately taken into account. EAC complains about the delays in the approval of its CA and both EAC and IOC deem that their specific needs should be further considered. They both asked for a separate Programme under EDF 10. The IRCC coordination of the Programme is appreciated, but its capacity to support the individual RIOs and their harmonisation is still weak. EC institutional set-up, despite the high level of the individuals involved, lacks a comprehensive programme coordination and some key field sectoral resources.**

The shift towards policy support witnessed under the 9<sup>th</sup> EDF and the recent move towards the signing of contribution agreements (although currently in place only for COMESA) have strengthened the conditions for **increased RIOs' ownership** and the contribution of the RSP to the implementation of RIOs' strategies. In addition, the institutional set-up – including the establishment of the IRCC – has encouraged RIOs to harmonise their overlapping policy agendas.

That said, **positions**, perceptions and motivations are rather different among RIOs. They range from the high level of participation and appropriation within COMESA to the very low level of IGAD. In particular, while COMESA hosts the programme, runs the RISP mechanism, and so far is the only one benefiting from CAs, other RIOs still have many concerns about their participation in the programme:

- **EAC**, which has experienced new dynamics in recent years, feels that the programme fails to maintain its pace and stands behind on a number of key issues (delays in the approval of the CA, EAC CU, EAC Partnership fund, etc.). EAC has expressed the wish to proceed toward the establishment of an EAC RSP/ RIP (according to informed persons);
- **IOC** complains about the lack of attention of the programme to the specific islands' needs. They also have expressed a wish for a IOC RSP/RIP (according to informed persons);
- **IGAD** does not consider that its priorities and problems (regional conflicts, infrastructure, institutional building) are adequately taken into account at the ESA-IO level. It has many difficulties in coordinating its own areas and tasks, and does not show particular interest in the IRCC proposals to take the lead at ESA-IO level on specific themes, as in the case of CPRM.

Concerns relating to the overall approach of the ESA-IO RSP in terms of jeopardising the RIOs' identity have already been identified (see EQ1) in relation to both the overall design of the programme and the possible fragmentation deriving from the EPA process.

On **harmonisation**, it appears that the IRCC has not been able to fully exploit its potential for RIOs' harmonisation. In particular, the link between strengthening of the existing RIOs and their harmonisation has not worked. The emphasis has been put on joint programmes within the ESA-IO framework (e.g. CPP, CU, etc.), rather than on harmonised programmes within and outside ESA-IO. The recently restructured Tripartite Task Force (COMESA-EAC-SADC), however, seems to go in the right direction.

Finally, the institutional set-up envisaged under the 9<sup>th</sup> EDF certainly provides a **framework for improved coordination at EC level**. Despite this, it seems that **coordination between the different EC actors** involved in the ESA-IO strategy, and their capacity for dialogue on a coordinated basis – both among themselves and with the RIOs and their MS on regional policies – **relies on appreciable personal initiatives** rather than on more structured mechanisms.

***JC 2.1 - The IRCC, the different RIOs, and the respective member states show an active and deep involvement in the planning and implementation cycle of the RSP and RIPs. In this framework, the main actors of the civil society are informed and show significant levels of participation.***

Whereas under the 8<sup>th</sup> EDF the majority of projects were implemented by NAOs, either as regional projects or as top-ups for national projects, under the 9<sup>th</sup> EDF the situation is different. According to the institutional framework envisaged for the 9<sup>th</sup> EDF – including the creation of the IRCC - regional cooperation shifts towards policy support. Special support is then given to RIOs' regional integration agenda, with **RIOs assuming the role of RAOs** for most projects or programmes.

**All four RIOs** - though with varying degrees of participation – have been actively involved in the formulation and implementation of the 9<sup>th</sup> RSP and RIP (minutes of IRCC meetings and interviews). Clear procedures establish that identification of interventions, discussion of ToR, and preparation of financing proposals are now expected from the RIOs (with the aid of the IRCC Support project or other technical assistance attached to the RIOs), who have therefore become the major players in the formulation and implementation of interventions under the RIP.

The reluctance of **IGAD** to accept the ESA-IO framework is reflected in its problematic relations with the IRCC (low level of participation in IRCC meetings, delayed acceptance of an IRCC programme officer). IGAD has refused to take leadership of the CPRM programme for the ESA-IO region, while it is not satisfied with the decision that gives the IRCC the coordination of the Horn of Africa initiative. IGAD considers that it has suffered undue delays in relation to the capacity-building project (€1M). According to them and the IRCC, the delay of over 2 years in the signature of the project by the responsible bodies is inexplicable. Finally, IGAD considers itself and seems to be the least represented RIO in the ESA-IO framework. If it has for various reasons to remain there, it should then be allowed to pursue a wider autonomy including the possibility to develop specific neighbourhood policies in the framework of the AU and beyond (Arab peninsula).

Increased involvement and participation does not extend to **RIOs MS or civil society**. Dialogue with MS is improving but participation still generally takes place through the occasional ministerial meetings. Overall, with the exception of EAC, where - especially in the RI area - there is significant participation of both MS and civil society (through the EAC Business Council), involvement and coordination of the RIOs' MS remains below expectations, particularly with regard to compliance with - and implementation of - regional decisions. Some improvements have been registered in terms of involvement of NSAs, for example the establishment by COMESA of a Private Sector / Civil Society desk in 2004, or in NRM sector the structured participation of NSA in regional networks established with the support of the Lake Victoria IO Fisheries and coastal programmes. These, however, have yet to translate into active and systematic involvement of NSA in the planning and implementation cycle.

The **financial mechanisms** adopted for the implementation of the RISP and RIMS programmes need particular consideration. In general, contribution agreements, together with a strong capacity-building effort, are perceived and expected as key factors for enhanced ownership. To date however, only COMESA has signed contribution agreements, while the other three RIOs are still undergoing the institutional restructuring / strengthening process required.

So far the RISP has worked mainly to finance the EPA negotiation process. With respect to RISM, it should be noted that the mechanism was conceived prior to the EPA process and actual

implementation of the CUs in the region. In the present situation, with the functioning of the EAC CU, the fact that the RISM will be implemented at COMESA level<sup>16</sup>, whereby applications for funding will be negotiated with the individual MS, *de facto* bypassing the RIOs involved, poses some problems especially with regards to EAC and its MS; this despite the fact that specific provisions for Tanzania can be made thus allowing all EAC MS to benefit. The mechanism should be reviewed following the attainment of CA compliance status by EAC. The RIOs (particularly EAC) also wish to review RISM funds' destination, at present limited to the compensation of the possible losses deriving from implementation of the CUs.

***JC 2.2 - IRCC has the capacity and means to ensure coordination and harmonisation among RIOs including resolution of possible conflicts arising as a consequence of divergent priorities and/or overlapping membership.***

The establishment of the **IRCC** constitutes an impressive **step forward towards coordination and harmonisation among RIOs**, although no major changes can be expected without significant internal processes within each RIO.

With the exception of IGAD (as stressed also by informed persons within and outside IGAD), there is a good appreciation of the role and coordination capacity of the IRCC, although a certain degree of "top-down approach" is underlined (e.g. by IOC) with reference to the choice of focal areas of cooperation. Most RIOs agree that the coordination role would be enhanced if a stronger autonomy of the RIOs was in place through the implementation of the contribution agreements.

**Coordination** appears to be **strong** in **NRM** where the IRCC has played a key role in promoting regional integration on a wider scale (e.g. consolidation under the 9<sup>th</sup> EDF of the RECOMAP programme with the participation of three additional States, Kenya, Tanzania and Somalia); **fairly good** in **RI&T**, where the IRCC has supported COMESA and EAC in merging the EAC and the future COMESA CUs (although outcomes of the EPA negotiations are likely to change the present scenario); IRCC's lack of mandate on micro-coordination (e.g. on collection of statistics between COMESA and EAC) has been stressed; **weak** in **CPRM**, also as a consequence of: (i) the lack of a truly regional perspective in the EC's approach to CPRM, (ii) problems of coherence among the different instruments in place (e.g. AU, regional, sub-regional and national programmes), and (iii) IGAD's reluctance to accept the ESA-IO institutional framework.; **currently poor but with strong potential** in **T&C** in view of the completion of the TCSPIP, which will require stronger interregional and intra-regional coordination. Some efforts have been made to increase IRCC specific capacity.

At a more general level, it appears that the IRCC, despite the complexity of its tasks and its top-down institutional set-up, has shown its potential and actual capacity. Its role may be further improved with the adoption of the new ToR (currently in draft form). These consider the RIOs as the *owners* of the IRCC, which is given a stronger role in terms of RIOs' harmonisation. The ToR broaden IRCC mandate to areas such as political cooperation, aid coordination, and so forth. Under this new setting it is envisaged that the IRCC will have an autonomous relationship with the RIOs, which will not rely – as has been the case to date – on the EC mandate. Should this setting be confirmed, attention should be paid to ensure that the expansion of the IRCC mandate is carried out without jeopardising the RIOs identities, that is harmonisation in respect of the identities and specificities of the different RIOs.

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<sup>16</sup> Joint Management through a CA signed between COMESA and the Commission.

***JC 2.3 - The EC has put in place appropriate capacities and mechanisms to coordinate the position of the EC actors involved (mainly Delegations and Headquarters), and strengthen the dialogue with and within RIOs***

Structured mechanisms to ensure coordinated policy dialogue between the Delegations responsible for the four RIOs involved and between these and Delegations with national competences are not in place, nor are they currently in the making. The same applies to mechanisms to ensure structured dialogue with EC Headquarters. EC pre-IRCC coordination meetings usually take place and the sporadic participation of AIDCO representatives to the IRCC meetings has been registered, but these are yet to become structured and systematic mechanisms.

Furthermore, field visits have highlighted that neither in Lusaka, Addis Ababa nor Dar es Salaam are the Delegations staffed and in a condition to effectively address the policy dialogue and coordination work required by the regional programme. In most cases, the same Delegation officers are in charge of both the regional programme and the national programme (economic sector, budget support, etc.). A couple of persons in charge of the regional programme often are responsible for national programmes amounting to hundreds of millions of Euros, and for policy negotiations at the highest levels for both regional and national matters, sometimes in different towns (e.g. EAC/Tanzania). The lack of local and expatriate staff is a major bottleneck. In Brussels the situation is no better.

This situation generates a weak dialogue and sometimes contradictory messages. It has been reported that in the absence of a formal liaison mechanism between EC Delegations and the IRCC project, advice given to RIOs by the respective Delegations was not consistent with those given by the IRCC staff.

On the other hand, very good examples of policy dialogue and coordination exist but these rely more on personal initiatives and on the commitment of a handful of people rather than on structured mechanisms.

There is a clear need of a focal point for policy dialogue and internal coordination at EC level for the whole region, at least until it has a unique coordination pole (the IRCC). Such a focal point located in Brussels would be more neutral vis-à-vis the different RIOs, but also remote from the region.

**4.3 EQ 3: COORDINATION AND COMPLEMENTARITY**

***EQ 3. To what extent are the EC regional and national programmes, in particular in the regional focal sectors, coordinated and complementary (including coordination and complementarity with the SADC RSPs)? And to what extent are coordination and complementarities with EU member states, as well as coordination and harmonisation with other main international partners sought and put in place (including issues of Community value added)?***

**Overall answer to EQ 3:**

***SUMMARY: National and regional programmes are substantially coherent as they have a similar strategy and approach, this provides a strong basis for complementarity that is not however supported by explicit linkages between the national and regional levels. On the other hand, NIPs and RIPs lack coordinated implementation. Coordination with SADC is supported by the Tripartite Task Force, which is an example of harmonisation and should be strengthened. The coordination between the EC and the EU MS is good. EC value added is very evident in the promotion of the regional integration agenda and the support to the EPA process. It could be higher if the EC had the capacity to express its leadership and coordination capacity in other sectors, such as CPRM, infrastructure, etc.***

EC regional and national programmes show a **substantial coherence as they have a similar strategy and approach. However, cross-references are more a matter of principle than an attempt to put in place complementary and coordinated actions.** Allocations by priority sector in the RIPs and NIPs are fairly consistent; and the policies and programmes are coherent. At implementation level, on the other hand, it is only with reference to the NRM sector that regional and national strategies and programmes besides showing complementarities also embed mechanisms for coordinated implementation. Mechanisms to increase coordination and consistency have been put in place under the 9<sup>th</sup> EDF (e.g. technical committees set up in the RIOs to participate in the formulation and monitoring of national policies, analysis of the content of all CSPs/NIPs undertaken by the IRCC, and agreement by NAOs and RAOs to meet annually to discuss their respective contributions to programmes with both national and regional components). However, **actual coordination remains weak** (while stronger for Trade and EPAs, it is less so in T&C although this should improve with the TCSPIP) as there is no joint monitoring system at RIO level, and communication between EC Delegations with national and regional responsibilities remains low.

Coordination between the ESA-IO RIOs and **SADC** relies on task forces, mechanisms and protocols. Whereas respective RSPs/RIPs show some degree of harmonisation at strategic level, coordination at programme or project level lags behind. Again, degrees of complementarity and coordination vary according to the sector analysed ranging from very high in NRM (e.g. IOC and SADC programmes on the control and surveillance of fishing operations) to mixed results in T&C (excellent results in air transport, in need of improvement in rail networks). Finally, it is envisaged that the recent efforts linked to the revitalisation of the Tripartite mechanism (and the agreed forthcoming meeting at Ministerial level) are expected to lead to the progressive harmonisation of custom unions by allowing more detailed work at technical level.

Complementarity between the EC and **EU MS** seems relatively evident (though regional programmes of EU MS are limited - €11m - with most aid concentrated at national level). At regional level coordination is improving as a result of alignment to RIOs' strategies and programmes. Despite some efforts to increase donor coordination (e.g. meetings promoted by the EC Delegation in Lusaka), improved coordination, complementarity and harmonisation (with both EU MS and other international partners) is mainly linked to the operationalisation of funds established at RIO level (e.g. EAC Partnership Fund and COMESA Fund). In both cases the EC has strongly promoted the establishment of the Funds although - because of procedure-related delays - it has yet to contribute to that established within EAC.

**EC 'added value'** contribution at regional level is relatively evident, given its institutional mandate on trade, its regional know-how (few MS have regional strategies in place) and the importance of its regional programme envelopes. In CPRM, in contrast, lack of personnel and substantive knowledge prevents the EC from fulfilling its potential for strong comparative advantage linked to the existence of relevant EU continental initiatives and facilities.

### ***JC 3.1 - RSPs/RIPs and CSPs/NIPs, and their implementation, in the regional focal sectors, demonstrate complementarity and are coordinated***

In general, in both the 8<sup>th</sup> and 9<sup>th</sup> EDF RSP/RIPs the reference to the NIPs is a **matter of principle** rather than an attempt to put in place measures to ensure a coordinated implementation of complementary actions between RIPs and NIPs.

Looking at focal areas under the 9<sup>th</sup> EDF RIP, it is only with regard to the **T&C** sector that the specific need for synergies is highlighted. COMESA, for example, has identified inadequate coordination with national programmes as a general constraint to regional integration (and this was confirmed during field consultations). This is because national programmes focus, not surprisingly,

on national priorities rather than regional considerations. Thus whether MS will 'buy in' to the regional priorities of TCSPIP, over and above their national priorities, remains to be seen.

With regards to **RI&T** there are no major clashes between the NIPs and the RIPs, but there is no mutual support either. At implementation level a particularly important role should be played by the RISM (though it should be reviewed and adapted to the present situation – see EQ2) that establishes a fund to support member countries in participating fully in the COMESA and EAC free trade area and customs union, whereby MS will submit an application for funding under the RISM Facility through the COMESA Fund. The present set-up raises some concerns linked to the possible trade-offs between the EAC CU and COMESA's administration of the RISM with EAC member states.

At **CPRM** level, EC regional and national programmes in the CPRM sector **do not seem particularly coordinated** although there are no major clashes either (almost no linkage between country programmes and regional programmes in this area) as the assumption seems to be that conflicts are best addressed from the national perspective.

In the **NRM** sector, on the other hand, regional and national strategies and programmes do show complementarities and embed mechanisms for coordinated implementation<sup>17</sup>.

In the 9<sup>th</sup> **EDF NIPs**, although the reference to the regional strategies is generally vague<sup>18</sup>, the consistency of the allocations is fairly significant, since 25.9% of the NIPs is allocated to macro-support (economic and social reform) – though only 0.3% to regional integration, 26.6% to T&C and infrastructure, 16,5% to NRM and 6% to CPRM.

Since the approval of the 9<sup>th</sup> EDF, measures which contribute to improved coordination and consistency of national and regional policies and programmes have been put in place. Most notably, the analysis of the contents of all CSPs/NIPs undertaken by the IRCC to ensure coherence between priorities and objectives of the NIPs and those of the RIPs (§ 99 of 10<sup>th</sup> EDF RSP/RIP) and agreement (July 2006) that all NAOs and RAOs of the ESA-IO configuration will meet annually to monitor coordination and complementarities and the respective implementation of CSP/NIPs and RSP/RIP. Regarding the latter it should be noted that although annual meetings between NAOs and RAOs do take place, discussions are focused on the respective contributions to the programmes with a double (national and regional) component and do not extend to the joint monitoring of implementation.

**Joint monitoring** systems at IRCC or COMESA level are not in place but all RIOs have technical committees which contribute to national policy formulation bodies. *Vice versa*, the regional policies are submitted to the scrutiny of ministerial committees composed of national representatives. Although it is reported that national representation on RIOs technical committees is relatively junior (e.g. in the T&C sector) with no delegated powers for agreement, thus implying a role as observer and rapporteur than anything more proactive, this two-way flow of information contributes to a convergence of national and regional policies but less so to coordination during implementation.

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<sup>17</sup> In Ethiopia and Sudan, efforts are pursued in the food security and rural development sectors in line with the regional approach proposed in the REFORM programme. In the Indian Ocean countries (e.g. Mauritius, Seychelles, Comoros) the national NRM strategies complement the regional initiatives like RECOMAP and coordinated implementation of the national and regional components are duly considered in project design. In the EAC countries, a considerable share of NIPs is dedicated to protection and valorisation of the natural resources base in line with strategies developed in regional fora (e.g. Lake Victoria).

<sup>18</sup> E.g. for T&C: whereas reference is made in the NIPs to corridor development or port and transit traffic, no references or proposed intervention examined at national level, exhibit interdependence as such - although an investment on a section of a network with international linkages obviously assumes downstream and upstream connectivity.

Prospects for improved complementarity and coordination have been observed under the **10<sup>th</sup> EDF** (questionnaires have been sent to the NAOs to improve the coordination of the 10<sup>th</sup> RIP with existing NIPs that have already been finalised), and it is reported that in the 10<sup>th</sup> EDF consistency between NIPs and the envisaged RIP is stronger (NIPs embed regional priorities, e.g. under the Zambia NIP reference and specific actions are proposed for the improvement of regional transport links, and 'close coordination with regional ESA-IO activities' is envisaged with regards to trade liberalisation and regional integration).

This said, communications between Regional and non-Regional Delegations remains low, and no Delegation beyond those acting as focal points for the RIOs involved seems to have commented on the draft RSP of the 10<sup>th</sup> EDF.

### ***JC 3.2 - RSPs/ RIPs in ESA-IO region and RSPs/ RIPs in the SADC region, and their implementation, are complementary and coordinated***

Task forces have been established between SADC and COMESA to facilitate harmonisation and coordination of policies and programmes, and SADC has been involved in preparation of the RSP/RIP for both the 9<sup>th</sup> and 10<sup>th</sup> EDF for ESA-IO. However, whereas at strategic level the SADC and the ESA-IO RSPs show some degree of harmonisation, particularly with respect to the Regional Integration and Trade focal sector, "it is probably fair to say that it [the task force] has not managed to do much to harmonise implementation of projects and programmes" (draft RSP 10<sup>th</sup> EDF).

Similar conclusions arise from the findings both of the present ESA-IO evaluation and of the SADC evaluation. SADC has withdrawn from formal membership of the IRCC (which was also intended to serve as a forum for dialogue between the ESA-IO RIOs and SADC to facilitate working together on programming and prioritisation of regional programmes) and now retains only observer status (with discontinuous participation), thus limiting its participation in activities aimed at regional alignment and at tackling issues arising out of the multiplicity and overlap of regional organisations.

Degrees of complementarity and coordination at implementation level vary according to the sectors analysed. In the **T&C** sector there is increasing complementarity (less so coordination) between SADC and ESA-IO RSP/RIPs. The Yamoussoukro Decision regarding liberalisation of intra-Africa air transport was a major breakthrough which has not yet been replicated in other transport modes where there continue to be gaps between international and regional protocols. TCSPIP should be implemented in close cooperation with SADC. On the other hand, COMESA and SADC have adopted incompatible computer cargo management systems.

In the **Regional Integration and Trade** area there has been little apparent progress in reaching any agreement between the SADC and the ESA-IO RIOs. The Task Force between SADC and COMESA, established in 2001 with the objective of discussing differences between the CU envisaged in COMESA and that in SADC, was restructured (May 2006) to include EAC thus becoming the SADC/COMESA/ECA **Tripartite Task Force**. This Task Force represents clear progress (at least from the institutional point of view) in the harmonisation process. It has been meeting regularly to better tackle technical, strategic and policy issues and now includes the Secretary Generals of the three RIOs. The Secretariats have established a sub-committee on Trade and Customs and have planned a Ministerial Meeting (October 2008) which is expected to authorise more detailed work at technical level on the harmonisation of custom unions. Overall, it is expected that - after some years of generally slow-moving coordination efforts by the COMESA, EAC and SADC Secretariats - the envisaged Tripartite Ministerial meeting will give new life to the process.

In the **Natural Resources Management** area, strong coordination and complementarity can be witnessed also in the implementation of programmes. This is the case, for example, with the IOC



and SADC programmes on the control and surveillance of fishing operations in respective areas, where parallel and coordinated implementation takes place, including the exchanges of data and methods through workshops and dissemination.

The last two examples show that harmonisation between independent bodies, based on enhancing the respective interests, may work better than possible top-down coordination mechanisms which limit the autonomy of the contracting bodies.

***JC 3.3 - In the focal sectors, RSPs/RIPs - and their implementation - demonstrate complementarity, and are coordinated with the regional programmes of the EU member states. More specifically, RSPs / RIPs and their implementation: (i) highlight and respond to a specific comparative advantage of the EC; (ii) foresee (and put in place) specific initiatives to enhance the EC's complementarity and coordination role between MS; (iii) reflect the priorities of all MS and allows them to participate beyond their actual financial and technical engagement***

Altogether, the regional programmes of the EU MS in the period considered (8<sup>th</sup> and 9<sup>th</sup> EDF) amount to some €11 million and are mainly focused on specific issues in the various sectors, with most of the EU MS aid being concentrated at national level.

Division of roles and complementarity between the **EC and EU MS** sector support portfolios is fairly strong at national level (more pronounced in countries moving towards GBS/ SBS in support of national sector policies and strategies).

In the **Regional Integration and Trade** sector, there is some mutual support between the EC-supported RISP and the interventions of other EU members (e.g. the NTB “real time” project of DfID for SADC, COMESA and EAC) and there is no evidence of any inconsistency or duplication). In addition, the EPA and the related aid for trade should enhance coordination.

In the **T&C** sector where most EU MS (like EC) have concentrated sector support at national levels, there is generally speaking good complementarity between the respective regional programmes. There is also good sector coordination in most MS. EC has been historically the (or one of the) main donor(s) in T&C, and has a recognised leadership among the EU MS (although T&C staffing difficulties in some Delegations have impaired the effectiveness of such leadership).

In the **NRM** focal area the situation is quite different, with strong complementarities and coordinated action. This is mainly due to the fact that EU Member States support regional cooperation initiatives (programmes managed by RIOs) in specific NRM topics through their bilateral cooperation agencies, co-financing mechanisms or through multilateral cooperation with international agencies. Finland has assisted the EAC countries in the preparation and implementation of the agriculture and rural development policy and strategy. Sweden (SIDA) is co-financing with the EC the Lake Victoria environmental management programme. France is financing a network of protected marine areas in the Indian Ocean, an initiative that is well coordinated with the EC-funded RECOMAP.

As for **CPRM**, regional programming does not seem to be coordinated with the regional programming of the EU Member States. In this area, complementarity or division of roles appears to be more a question of chance than design. This can be attributed not only to the fact that there is little EC/EU participation in donor coordinating groups within the sector but also to the fact that there tends to be a strong assumption in the EC that conflicts are best addressed from the national perspective.

Irrespective of the sector, increased complementarities and coordinated actions are expected as a result of the recent move towards the operationalisation of funds established at RIO level. This has

been the case with the EAC Partnership Fund that has encouraged harmonised donor support in key priority areas and the same is expected to happen with the COMESA Fund.

The establishment of the **EAC Partnership Fund** for Capacity Development (a basket fund to provide institutional support to the EAC secretariat and to finance the preparation of specific projects) has strongly increased complementarity and coordination, especially as it also provides the venue for donors to meet and exchange views and priorities prior to the meetings scheduled with EAC. On this it should be noted that although the EC has strongly promoted the establishment of the fund, it has not yet provided funding. A similar arrangement is envisaged with IOC, with ECD taking the lead in donor coordination, given its role and historical contribution to the IOC (EC added value).

Along the same lines, it is expected that the operationalisation of the **COMESA Fund**, which will consist of contributions from both COMESA MS, donor agencies and other financing agencies, will increase complementarity and coordination between the regional programmes of the EC and those of EU MS (as well as of any other donor or financing agency). Investment in infrastructure could benefit from enhanced coordination and complementarity between EC, MS, Development Banks and other specialised institutions, for facilitation, preparation (including financial instruction) and monitoring.

With respect to the **value added** of the EC intervention, this is particularly evident and relevant to the EC specific mandates and capacities. In the ESA-IO programme, the importance of the EC value added has been prominent under different respects:

- the specific EU know-how in regional integration and the weight of this area of intervention in the EU development strategies have allowed the Commission to run the most important support programme to regional integration in this, as in other parts, of Africa;
- the EC mandate and responsibilities on trade have allowed the Commission to lead the EPA negotiation process and to qualify as the most important partner for trade liberalisation and market integration in the region;
- the EC mandate for MS coordination has allowed the commission to lead important regional support initiatives, as in the case of the EAC Partnership Fund. Indeed, in the area of coordination and leadership, EC could have done more, if its internal coordination and implementation capacities were more functional. This regards in particular the CPRM, but also the dialogue with IGAD, the tripartite process, etc.

### ***JC 3.4 - Coordination and harmonisation are sought with the main international partners.***

Although a number of programmes are either jointly financed by different donors or present converging objectives (e.g. EC-funded SFP-ACP and the FAO-supported initiative to support quality and safety of fishery products) coordination mechanisms are not evident given the dispersion of the various donors, of which none has a comprehensive approach to regional integration comparable to that of the EC.

Overall, there is little practical difference between coordination procedures over the range of EU MS or non-EU donors. In both cases, however, coordination or rather complementarity is expected to improve as a result of the increased establishment and operationalisation of Funds at RIO level (e.g. EAC Partnership Fund). It should be further noted that there have been some reports (e.g. T&C sector) of coordinated multi-donor programmes falling out of sequence owing to delays in programming and implementation of the EC sector portfolio (e.g. in the T&C sector). Whilst this dislocation of work plan has delayed rather than denied benefits, the delay has nonetheless affected not only the expected benefits of the EC contribution but of the programme as a whole. EDF procedures have been reported to be a significant feature of these problems.

#### 4.4 EQ 4: REGIONAL INTEGRATION AND TRADE

**EQ 4. To what extent has EC support contributed to the effective establishment of a sound institutional and regulatory framework for regional trade liberalisation and economic integration (RTL & EI), so as to achieve sustainable results by gaining the benefits of comparative advantage within the region and enhancing the competitiveness of the region?**

Overall answer to EQ 4

**SUMMARY: The Programme has provided a tremendous support to the EPA process and has helped implementing trade liberalisation, and market integration, including the promotion of CUs all over the region. Building the institutional framework of a common market, where CUs are being created/consolidated, remains a challenge. Different interim EPAs and the advancement of EAC CU compared to COMESA emphasise the issue of harmonisation as the best way to address the regional disparities and asymmetries in the market integration process.**

The major EC programme in EDF 9 to promote regional integration is the RISP. This follows on from the individual RI projects of EDF 8. It is implemented through a Contribution Agreement, which implies more “ownership” and flexibility for the COMESA Secretariat. It has been used so far mainly to finance the EPA negotiations. Specific Contribution Agreements for other RIOs, though negotiated, have not been put in place.

The NIPs have not been incoherent with the RIP but have done little to support the RI process. The EDF 10 should be designed in such a way as to ensure clear two-way support between the NIPs and the RIP - but there will always be a need to check on duplication in the NIP and RIP agendas (see EQ 3).

The impact of the RISP ranges from the **important widening of the COMESA FTA** to the still **insignificant progress of monetary and fiscal harmonisation**. More emphasis is finally being placed on the necessary conditions for a Customs Union – standards, SPS and other non-tariff barriers although little emphasis is put on the establishment of the legal framework (laws and justice institutions) needed for its effective functioning.

**The EAC is ahead of COMESA as regards the formation of a CU** and is now working on the prerequisites for a Common Market – but under the 9<sup>th</sup> EDF the EC support must pass through the COMESA Secretariat. Having signed an EPA, the EAC is seeking Contribution Agreement status and possibly its own RIP in EDF 10, as it believes that the ensuing increased control and flexibility would facilitate the process towards a common market.

The EAC EPA inevitably discourages non-EAC COMESA members from the CU proposed for end-2008 – in that it might lead to major trade deflection. The alternative for the LDCs is the EBA. The IOC countries are interested in their own RIP and, possibly, EPA.

The best way to pursue RI over the whole ESA region – at the same time resolving de facto the problem of overlapping membership and moving towards AU-NEPAD goals – is through a **harmonisation process** that involves the different RIOs, increasingly including RIOs outside the ESA region, without jeopardising their specific mission and identity. In the short term, interventions should increasingly be undertaken through the Tripartite process that extends the ESA configuration to SADC. Already a number of donors, including the EC, DFID and SIDA are participating in discussions to coordinate their assistance to the North-South Corridor, which can be seen as a part of the Tripartite process. The Tripartite Task Force Non-Tariff Barrier project is another example of what can be done. The TORs were agreed by the EAC, COMESA and SADC, and the project was financed by DFID.

After some years of generally slow-moving coordination efforts by the COMESA, EAC and SADC Secretariats, there is now to be a Tripartite Ministerial meeting, which may put new life into the process.

***JC 4.1 - Coordinated policies and plans for RTL& EI have been put in place by RIOs and their member states***

There is strong evidence that progress in this area is being made.

The principal actor in RI is the COMESA Secretariat, which has provided a detailed road-map for an eventual common market. The Field Mission confirmed that the COMESA Secretariat has received EC funds through Contribution Agreements and has largely defined the RI priorities itself. It has passed funds on to the EAC for RI in that sub-region. As regards other donors, there is no major problem of coordination.

Now 2½ years after the launch of RISP, eight professionals are employed on RI in the COMESA Secretariat. Work is proceeding on the FTA/CU alignment timetable and a sensitive list has almost been agreed. Standards, Rule of Origin, Common Tariff Nomenclature (CTN) have been largely agreed under the 'COMESA Trade Policy'. The RISP also pays for translation services, monitoring and evaluation units, and for a tendering and evaluation system. In all the EC pays roughly for 25% of recurrent expenses of the COMESA Secretariat.<sup>19</sup>

The RISP has financed participation in the EPA negotiations and an interim agreement on trade in goods and fisheries has been completed and signed by the majority of non-EAC ESA member states. At the same time, the RISP has also been used to finance the participation of the EAC members (with the exception of Tanzania that is not a member of COMESA) in EPA negotiations leading to the signature of an interim EAC/EC EPA. This result reflects also the fact that EAC has made more progress than the ESA in implementing a Customs Union and is now working towards on the prerequisites for a Common Market.

Finally, it should also be noted that there has been little continental coordination of RI as envisaged in the Abuja Treaty and the Constitutive Act of the African Union<sup>20</sup>. The NEPAD/AU agenda is low on the list of priorities in the RIOs agenda, while in the case of the EC Delegations it was considered beyond their remit. In both cases it was sidelined in the commitment to pressing ahead with regional integration initiatives.<sup>21</sup>

With specific reference to the coordination of the activities of the RIOs, progress is visible but somewhat limited. Certainly over the course of most of the 8<sup>th</sup> EDF there was a problem in coordinating the agenda of the four different RIO secretariats<sup>22</sup>. Under the 9<sup>th</sup> EDF, the institution of the IRRC made an important contribution<sup>23</sup>, although overlapping membership will continue to create problems<sup>24</sup>. The recently restructured Tripartite Task Force (COMESA-EAC-SADC), however by promoting harmonised programmes within and outside the ESA-IO framework seems to go in the right direction, as do recent donor efforts e.g. the DFID financed Tripartite task force Non-Tariff Barrier project where the ToR were agreed by EAC, COMESA and SADC.

In particular there is a major issue in coordinating the merger of the COMESA CU – planned for the end of 2008- with that of the EAC, declared at the end of 2006. Limited progress has been made to date, though the COMESA members have agreed a CET and a set of Rules of Origin intended to facilitate such a merger.

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<sup>19</sup> Discussions with the chief administrator of RISP in the COMESA Secretariat.

<sup>20</sup> ARIA, pp. xxi ff, 7, 35 ff.

<sup>21</sup> Discussions with officials in the COMESA Secretariat and in the EC Lusaka Delegation.

<sup>22</sup> cited, *inter alia*, in Draft Conclusions to the EC, ESA/IO, Regional Cooperation 9th EDF, end-term Review

<sup>23</sup> see, in particular ARIA, p. 10

<sup>24</sup> see, *inter alia*, IMANI, p.14

Uncertainties about the launch of the “COMESA-minus” CU suggested shortcomings in the commitment to the goals of COMESA among certain MS (i.e. the Congo DR, Eritrea and Ethiopia<sup>25</sup> who are not members of the FTA). The delay of the launch from 2005 to end-2008 was intended to allow all MS to join the FTA in advance. However the slow progress in RI of these MS has meant that, if the CU is established as planned at the end of 2008, it will be without these three members. Interviews with COMESA officials and officials in the Zambian government confirmed that uncertainties about membership of the CU went beyond the three countries which are not now members of the Free Trade Area<sup>26</sup>. It also found that there was a lack of interest in, or commitment to, the process of RI among most MS, especially those outside the EAC.<sup>27</sup>

***JC 4.2 - The ESA-IO RIOs have the capacity to negotiate regional integration and the EPAs and to implement and benefit from the EPAs***

The negotiating capacities of both the EAC and particularly COMESA have benefited enormously from the RI programmes of the 8<sup>th</sup> and 9<sup>th</sup> EDFs RIP<sup>28</sup>. The effective negotiating strengths of the two secretariats in the EPA negotiations bear witness to that. Of course, as has been pointed out, the fact that the EAC and the rest of COMESA may be embarking on separate EPAs (the COMESA-minus or “ESA” EPA is not yet initialled by all the MS) raises the question of whether the ESA-IO region will be able to benefit to the maximum from the EPAs in the future.

While the RIOs clearly have the capacity to negotiate regional integration and the EPAs - as demonstrated by what has been achieved to date, including the EAC EPA - it appears that the overall EPA negotiation process and results to date may create problems for further integration. In particular the signing of the EAC EPA may further delay the widening of the ESA FTA (to include e.g. Ethiopia) and the combining of the EAC CU and the COMESA-minus CU planned for the end of this year. Indeed the EAC EPA has significantly reduced the chances of the COMESA CU being implemented at the end of 2008 as planned. This is because it would effectively be an ESA CU because Burundi, Kenya and Rwanda would be members of both, while special arrangements would have to be made for Tanzania.

Given that the EU preferences negotiated by the EAC – unless they were renegotiated – would have to extend to the whole ESA CU, Zambia, and probably Malawi, Djibouti and Sudan, would - or believe they would - be damaged by certain goods coming in from the EU duty-free. The non-EAC LDCs believe they have lost their bargaining power and see little chance in having the EAC EPA agreement on trade in goods reopened and made less damaging to them. Now Zambia is reluctant to make a further Market Access Offer (MAO), since its production of sensitive goods, for example textiles, would be damaged by EU imports coming duty-free through Kenya or other EAC members.<sup>29</sup> Instead Zambia is considering the option of EBA status outside any EPA<sup>30</sup>, and the same holds true for Malawi, Djibouti and Sudan. The same factors would also discourage Ethiopia and Eritrea from joining the FTA before end-2008, or the CU after that.

<sup>25</sup> see, *inter alia*, ARIA, p. xvi and 40 ff.

<sup>26</sup> E.g. Zambia and Malawi are concerned that the preferences given to the EU under the EAC PTA will damage their economies. There is also uncertainty over whether Tanzania – a member of SADC and no longer a member of COMESA - would accept a merger of the two CUs.

<sup>27</sup> This was stressed both within the COMESA Secretariat and by officials of the Zambian Ministry of Commerce, Trade and Industry.

<sup>28</sup> see, for example, the IRRC Final Report of meeting of Feb. 8/9, 2007.

<sup>29</sup> The Permanent Secretary and other officials in the Zambian Ministry of Commerce, Trade and Industry.

<sup>30</sup> The 2007 Zambia MAO was rejected on the grounds that 24 % of its imports from the EU were classed as ‘sensitive’ – above the Commission’s limit of 20%, which the Commission says is necessary for WTO compliance. Now Zambia is reluctant to make a further Market Access Offer, since its production of sensitive goods, e.g. textiles, would still be damaged by EU imports coming duty-free through Kenya or other EAC members.

In addition the EAC EPA has made the IOC countries – who have long felt that their interests have not been sufficiently taken into account in COMESA - believe that they could negotiate their own EPA (with their own list of sensitive products) which would be more favourable to them than an ESA EPA.<sup>31</sup> This would only leave Zimbabwe, which, after a change in leadership, would be welcome in the eventual SADC CU and EPA.

The complexity of the situation and the overall process have raised doubts about the common interest among the ESA members and highlighted the internal contradictions in the ESA-IO configuration. The matter has been further complicated by the EC's pressure for a quick MAO from each non-EAC MS in advance of the creation of an ESA CU and internal negotiation of a single ESA MAO. In the EPA process – outside the EAC - COMESA has undoubtedly provided institutional representation and logistical support, though negotiations have been carried out on the basis of national interests, rather than the common interests of the ESA countries.

#### ***JC 4.3 - Tariff and non-tariff barriers have been removed***

With the support of successive EC Regional Integration support programmes, both in the EAC CU and in the COMESA FTA, tariffs have been eliminated (excluding some sensitive goods in the EAC where there is a timetable for elimination). Apart from the fact that several COMESA MS are not yet participants in the FTA<sup>32</sup>, the achievement of tariff-free trade among the FTA members is a striking success, and far in advance of what has been achieved in most other African regions. Growth in intra-regional trade has increased substantially, and, although exports to the rest of the world have increased faster than intra-regional exports this is because of rapid growth in world demand for raw materials, minerals and fuels. In the case of food and manufactures, intra-regional exports have risen significantly faster than extra-regional exports.

The dependency of many countries on tariffs and other trade taxes as a source of revenue led to the proposal for the RISM programme. This was initiated in 2004 as the RIBS (regional integration budgetary support programme) designed to encourage COMESA MS to participate in the FTA and later the CU by awarding them budgetary support to the extent that their revenues were damaged by the tariff reductions. The programme has gone through a number of formulations but, although approved, implementation has not yet started. As discussed elsewhere, it would be appropriate to review the mechanism: (i) in view of the fact that the €78 million budgeted for this programme is unlikely to be exhausted before 2012, the balance might be used to further the process of RI in ways other than the fiscal compensation of MS who join the FTA or the EAC or COMESA CUs; (ii) to ensure that it does not jeopardise the role of the RIOs in the RI process.

Less progress has been made on non-tariff barriers (NTBs) which significantly hamper intraregional trade. To some extent, they may have actually increased with the elimination of tariffs, although the evidence is inevitably anecdotal. There are regularly reported cases of exports from other CU or FTA members being rejected because they do not meet the importing country's standards or Sanitary and Phytosanitary (SPS) rules, or of their being detained for unnecessary periods at the borders, or of other forms of what is effectively protectionism. Both the EAC and COMESA Secretariats have programmes under way to deal with these problems and increasing attention is being placed on standards, SPS and so forth. The EAC approach appears to be more pro-active and – as in other areas – the EAC Secretariat seems to be ahead.

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<sup>31</sup> See, for example, L'APE et ses implications pour la COI, 24ème Session du Conseil de la COI, Point 4, Seychelles, 27-28 mars 2008

<sup>32</sup> Seychelles has recently joined the FTA but there is no indication that Ethiopia or other member countries outside the ESA-IO configuration will do so in the near future, i.e. before the year-end when the CU is in theory to be implemented (see JC 4.2 above).

***JC 4.4 - The financial services have been reformed and the mechanics of monetary supervision and policy harmonised***

Progress on this front has been slow although it should be noted that the COMESA 'road map' does not prioritise these areas.

Within COMESA a task force has been set up to assist the introduction of limited currency convertibility and an informal exchange rate union<sup>33</sup>. The introduction of a fixed exchange rate system by 2010 is planned but full Monetary Union, involving the use of a common currency issued by a common Central Bank, is only envisaged for 2025.

A set of macroeconomic convergence criteria were agreed in 2004 including in the first stage (2005-2010) an overall budget deficit/GDP ratio of not more than 5%, an annual inflation rate not exceeding 5% and external reserves of equal to or more than four months of imports of goods and non-factor services. The secondary criteria included the maintenance of stable real exchange rates, a sustainable real growth rate of real GDP of not less than 7%, reduction of the current account deficit to a "sustainable" level, maintenance of a domestic investment rate of at least 20%, implementation of the 25 Core Principles of Bank Supervision and Regulation based on the agreed Action Plan, and the modernisation of payment and settlements system. Such objectives might have a positive effect on coordination processes but, from the point of view of implementation, are hardly realistic. In some respects, they exceed the agreed EU macroeconomic criteria agreed under the Maastricht Treaty. It is now apparent that the more ambitious goals for the convergence criteria were established by the COMESA Council of Ministers, who continue to argue that a gradualist approach to economic and monetary union is the optimal way to proceed.<sup>34</sup>

On the more practical side, there has been some liberalisation in the banking sector – with a high degree of cross-border inter-bank borrowing and lending, although the national banking supervisors do not appear to encourage competition from other MS. Overall little progress has been made in the harmonisation of banking supervision or monetary issues (both in the hands of central bankers) or fiscal systems (including VAT). These have not been priorities for either the COMESA or the EAC Secretariats or members.<sup>35</sup>

A single bank regulatory system seems remote, though there are regular meetings of the MS bank supervisors. On the other hand significant progress has been made, with the assistance of the RISP, in the Regional Payment and Settlement System (REPSS) (now almost operational) and the functioning export credit and investment insurance agency (ATI-ACA).

***JC 4.5 - EC's interventions have been efficiently delivered and new aid modalities are sought to increase efficiency and effectiveness***

With the exception of the IRCC Support Project, EC interventions are being effected mainly through Contribution Agreements for RISP and RISM (signed in Nov 2007). The RISM (Regional Integration Support Mechanism), previously RIBS (Regional Integration Budget Support), was originally to have been a project administered by the EC Lusaka Delegation. The project was later redesigned to hand over responsibility for its implementation to the COMESA Secretariat through a Contribution Agreement in order to increase "ownership". This has inevitably led to delays in the implementation of the project, which is not yet operational (largely because the necessary ratification process by the MS is not yet complete) thus preventing any consideration of its efficiency and effectiveness.

The delay in the granting of Contribution Agreement status to the EAC has been cause of concern, and EAC expects its own RSP/RIP in EDF 10. The RISP CA has meant that the EC's

<sup>33</sup> See the COMESA website

<sup>34</sup> See for example Report of the Twentieth Meeting of the Council Of Ministers, COMESA, Dec. 2005

<sup>35</sup> Discussions with the chief administrator of RISP in the COMESA Secretariat and with officials in EAC Secretariat

interventions in RI have been delivered efficiently and effectively. The funds have been allocated to the areas selected by the COMESA Secretariat – or through delegation to the EAC Secretariat - and have generally produced the intended results (such as the agreement on the CET, the admission of new countries to the FTA, the extension of the ASYCUDA system, the development of statistics). Outsiders might have argued for a different set of priorities, for example more attention to NTBs or more focus on monetary harmonisation but it is the purpose of the CAs that ownership is transferred and that implies the transfer of the determination of priorities. Another point made by one COMESA official is some loss in focus in the CA system compared with the project system. In the latter, one official or a group of officials was focussed on the delivery of a particular outcome. Now officials may be shifted between areas or be responsible for more than one area with an inevitable loss of concentration.

#### 4.5 EQ 5: TRANSPORT AND COMMUNICATIONS

*EQ 5. To what extent has EC support contributed to the effective establishment of a sound planning, regulatory and management system for regional transport and telecommunication networks, including the prioritisation and facilitation of road and rail rehabilitation projects, that will enable the achievement of the sustainable reduction of the transport and telecommunication costs and increase the overall competitiveness of the logistic chains in the regional market?*

##### Overall answer of EQ 5

***SUMMARY: the EC is contributing to the establishment of T&C sector planning, regulatory and management systems, and to the advancement in national and regional convergence. National implementation lags behind, though sector policies and management are improving. Little progress has been done in the integration of different transport modalities. EC interventions are becoming more visible, strategic and effective, despite the persistence of significant efficiency and management problems. Increasing support for infrastructure investment facilitation is needed.***

EC support is contributing to the establishment of T&C sector planning, regulatory and management systems with concentration of effort and resources at national levels although in recent years there has been a widening regional perspective. This contribution appears to be increasingly effective but prioritisation of regional sector programmes is threatened by delays in preparation of TCSPIP. Also, a key point regarding effectiveness of TCSPIP will be 'buy in' and endorsement of strategies and investment plan by MS and RIOs. Without such consensus there is a risk of TCSPIP being just another 'shopping list' and multiple investment programmes being produced, especially if, as has been suggested, RIOs produce their 'own' programmes. There is **increasing convergence of national and regional sector policies but national ratification and implementation of international and regional T&C frameworks and protocols continues to be slow**. There are wider inter-regional and pan-African partnerships but again, as most implementation effort is required at national levels, actual implementation has been consistently below expectation. However despite these constraints there have been reductions in telecoms and transport costs but these improvements, while welcome, are relative. T&C costs in ESA-IO remain among the highest in the world for generally poor levels of service which remain unavailable to the majority of the population.

There has been **little progress in integrating inter-modal transport** at national or regional levels. Road transport continues to carry the vast majority of land transport of passengers and freight in ESA-IO although, given, in most cases, the relatively large distances between nodes, and increasing demand, bulk transport by rail should be more viable in the longer term. However, huge



investments in infrastructure with commensurate improvements in operational management together with real application of revised sector policies will be needed to enhance such modal splits.

**Management of the T&C sector is improving** but the scale of problems facing the sector in Africa is such that much more support is required, especially if, as seems likely, available resources continue to be insufficient to meet the huge levels of necessary investment to expand sector infrastructure.

**EC regional interventions are certainly becoming more visible**, more strategic and effectiveness is getting better. However, efficiency of implementation of regional and (some) national sector interventions of regional impact has been less good with programming difficulties, delays and in some cases, contractual disputes postponing project completion and escalating costs (although in all projects examined the expected impacts and benefits have in fact eventually been delivered). Changing modalities of aid delivery with the **transfer of implementation to regional level** is consistent with moves towards a programme approach but this pre-supposes adequate levels of institutional capacity and management which is certainly not the case. Also, this raises the question of exactly what the future role of RSP/RIP might be.

Cross cutting issues are integral to regional integration of which conflict and peace issues and HIV/AIDS are arguably the most significant. However, other cross cutting themes have resonance with the T&C sector although few of them are explicitly discussed or articulated in RSP/RIP sector proposals. This does not imply that the issues have been ignored (although there is no reference to gender issues in connection with T&C in the 8<sup>th</sup> and 9<sup>th</sup> RSP/RIP). Some have been included in CS/NIP interventions (definition of a cross-cutting issue varies from country to country) whilst others have been acknowledged in RSP/RIP across all sectors.

#### ***JC 5.1 - Coordinated sectoral policies and plans have been put in place by RIOs and their member states***

A Transport and Communications Strategy and Priority Investment Plan (TCSPIP) is being prepared under the 9<sup>th</sup> EDF with the objective of identifying and prioritising regional investment projects as well as facilitation measures.

All MS do have **T&C sector policies, strategies and frameworks**, quality and stages of implementation vary across the region and review of 9<sup>th</sup> EDF CSPs indicate a step change in completeness of sector strategies by comparison with the CSPs for the 8<sup>th</sup> EDF. Sector policies are subordinate to the national PRSP which typically recognises T&C infrastructure as important for poverty reduction and economic growth, although usually road transport is emphasised.

All RIOs recognise the need for coordination and harmonisation of sector policies and programmes and have frameworks for convergence of T&C sector policies and strategies although the time **frames for such convergence are unconvincing**. The greatest progress thus far has come about in air transport and maritime transport sectors although not all barriers have been removed, owing to equivocal political commitment and protectionism.

**Ratification and implementation of national and regional frameworks and protocols affecting T&C** are thus important as there are possibilities of overlap or discrepancies in consideration of T&C related issues. At the national level, national policy reform and alignment for the T&C sector is in progress but strategies are often incomplete and implementation tardy, as also is ratification and implementation of many international and regional agreements and protocols.

In the communications sector regional integration is included in the RIOs agreements and there are also a number of pan-African initiatives impacting upon ESA-IO to improve communication at national, regional and continental levels. RIOs are making progress in telephony and ICT and some have credible programmes for policy convergence. There has been considerable progress in ESA-IO countries to accommodate ICT development including infrastructure investment, rollout and

regulation of the sector. Most MS now have regulatory authorities (of varying levels of independence), and most of them have partially or fully liberalised the telecoms sub-sector. Concurrently most African countries have embarked on the African Information Society Initiative (AISII) to develop national ICT policies and strategies.

Many African countries now have (semi) independent regulatory bodies and most have choice of operator for mobile **telephony and internet** services (Source: ECA from ITU 2001). **Postal services** are poor across much of ESA-IO and there are no regional programmes at present. Management and operations of most state-owned or state-controlled **TV and radio** stations are poor although there is increasing liberalisation and establishment of regulatory bodies which also permits licensing of new operators.

A number of regional institutions have been established to contribute to integration of the T&C sector **partnership between ESA – IO and SADC**<sup>36</sup>. However, performance of most institutions is disappointing and some have expired due to lack of support<sup>37</sup>. The Sub-Saharan Africa Transport Policy Programme (**SSATP**) is a unique partnership of 35 African countries, eight regional economic communities, three African, national and regional organizations and international development partners. However, as implementation was the responsibility of national governments and donors, most outputs have, not surprisingly, concentrated on national rather than regional objectives. Although there is general consensus on the way forward this will require greater political commitment to implementation of regional initiatives than has been apparent in the past.

#### ***JC 5.2 - Inter-modal transport systems have been integrated into national and regional transport sector programmes***

There is little **evidence of consideration of inter-modal facilities at national and regional levels**. Of all the 9<sup>th</sup> EDF CS & NIPs examined for ESA-IO MS (and the 9<sup>th</sup> & draft 10<sup>th</sup> EDF RSP & RIP) only one reference to inter-modal facilities was found (Madagascar). The UN International Convention on Multi-modal Transport is not yet in force as few countries have ratified the convention and few of these have changed national legislation to comply fully.

AU/NEPAD have adopted a 'corridor approach' to facilitation of **road transport** in Africa and many harmonisation activities are intended to complement physical interventions on these corridors. EC has identified (in connection with the EU-Africa Partnership for Infrastructure) eight Trans-African Corridors which extend the concept of existing corridor horizons from 'port to landlocked country' to 'coast to coast'. Some sections of the corridors are identified for investment under 10<sup>th</sup> EDF NIPs. However, this concept of further horizons does seem ambitious.

Concessioning of **rail transport** in Africa has had only mixed results. There are two rail gauges in ESA-IO – 1000mm and 1067mm. EAC is the only ESA-IO RIO that has nominated a standard gauge in order to facilitate integration of rail.

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<sup>36</sup> E.g. African Airlines Association, African Civil Aviation Commission, East & Southern Africa Management Institute (ESAMI), Southern Africa Railway Association and Union of African Railways.

<sup>37</sup> The United Nations Transport and Communications Decade for Africa (UNTACDA) I was declared for 1978-1988, UNTACDA II for 1991-2000 with aims to develop efficient and integrated T&C systems to contribute to physical integration and increased trade although both programmes came and went with little impact. In 2002 a successor to UNTACDA II was mooted (through ECA) but this has not been implemented. ADB (as advisor to NEPAD) developed in 2002 a short term action plan for bridging gaps in African infrastructure and services including physical projects contributing to African integration but there appears to have been little take-up of this plan which reportedly foundered due to poor connectivity between the action plan (and list of interventions) and available funding in which lack of transparent PPF procedures played a significant role.

Most ports in ESA-IO continue to enjoy significant growth<sup>38</sup> especially in container traffic, commercialisation of cargo-handling and establishment of institutional arrangements to carry out new investment in port infrastructure and provide regulatory oversight.

Measures of integration of **maritime and fluvial transport and ports** consider availability of cabotage services, inland container depots and numbers of maritime ports serving landlocked countries. COMESA has reasonable connectivity with nine major ports serving ten landlocked countries, EAC less so with two ports serving four landlocked countries.

Integration of fluvial transport identifies countries linked by river or lake transport although in practice only Lakes Victoria, Malawi and Tanganyika have such operational services in EAC and these services are very limited.

Integration of **civil aviation** involves connectivity of air and air-navigation services between RIOs and between RIOs MS. ESA-IO has 2 regional hubs (Nairobi and Addis Ababa).

### ***JC 5.3 - The management of the transport and telecommunications network has been improved, and the logistic chains in the regional market appear more competitive***

Data retrieved from the national road management information systems show that on the whole the **condition of regional corridors is improving** (increasing proportions of main roads in good and medium condition<sup>39</sup>) **whilst usage** (especially of roads) **is increasing** (road transport demand on the major corridor routes is growing at an average rate of 10% per annum)<sup>40</sup>.

Development of regional **road networks** has been predominantly of 'corridors' and main roads. Capital works have been almost entirely donor funded with maintenance under the responsibility of national governments. Rural transport on secondary, tertiary and unclassified roads continues to be difficult and expensive such that rural access is a serious constraint to agricultural development and the rural economy.

**Railways**, long starved of investment are increasingly being concessioned with agreed levels of investment to be covered by realistic freight tariffs and passenger fares. However the record of such concessions is patchy as in some cases commitments have not been fulfilled, operating rules and technical standards not having been harmonized, even for inter-connected national rail networks<sup>41</sup>.

Similarly **ports**, which have been a cause of many delays, are being reorganized by contracting out management operations and services with concentration on handling of containers and as a result there has been major investment in some ports although many ports remain under state control.

The situation regarding **air transport** is very different following the Yamoussoukro Decision which deals with liberalization of capacity, frequency, pricing and cooperation. Adoption of this decision has been enhanced by regulations on competition in air transport services jointly adopted by COMESA, EAC and SADC to set up a Joint Competition Authority.

**Condition of ICT infrastructure is improving and usage is increasing<sup>42</sup>.** Although regional ICT strategy is to facilitate regional connectivity through development of a backbone telecoms

<sup>38</sup> Demand for containerised, non-containerised and bulk cargo is increasing in all ports with an average growth in demand >7% over recent years while TEU growth has been greater than 13% per annum over a 5 year period (Mombasa 13.4%pa 2001-2004; Dar es Salaam 13% 2000-2005 [with 60% increase in throughput since 2000] – source [www.ams.usda.gov/tmd2/Countries/EastAfrica](http://www.ams.usda.gov/tmd2/Countries/EastAfrica)).

<sup>39</sup> This trend is not visible in lower category roads.

<sup>40</sup> Assessing Regional Integration in Africa, ECA. Op. cit.

<sup>41</sup> Times of Zambia 27/02/08 'President Mwanawasa has described the state of the railway system as shameful. Dr Mwanawasa also said that Railway Systems of Zambia (RSZ) had failed to deliver according to the pledges made at the time of signing the concession agreement and warned the government would repossess it and offer it to other investors'.

<sup>42</sup> The total number of subscribers (fixed and mobile) in ESA has increased some twenty-fold in the decade up to 2005 (albeit from a very low base level) compared with an increase over the same period for SSA of 14 times (ITU World

network and cross-border connectivity continues to improve, the region still suffers from inadequate ICT infrastructure such that there continues to be considerable deficits in communications and connectivity, nationally and regionally.

Most ESA-IO countries are now liberalizing ICT services and expanding such services beyond telephony. However, a number of countries (e.g. Eritrea, Ethiopia) are continuing with monopolistic public sector services thus preventing access of new operators. Thus, although the public sector cannot make the necessary investments in infrastructure, the private sector is excluded.

In most RIOs fixed line telephony increased markedly in the 1990s which corresponded to some extent with liberalization of the sector. Thereafter mobile telephone services have taken off dramatically encouraged by greater openness of markets and investment in network infrastructure.

There is **little involvement or dialogue of transport associations or private sector in T&C sector management**<sup>43</sup> at regional level although transport associations were brought into dialogue in connection with SSATP. Despite COMESA identifying insufficient dialogue or involvement of stakeholders as a constraint<sup>44</sup>, no evidence has been examined of effective COMESA initiatives to address this constraint.

**National funding is increasing but maintenance of national networks continues to be deficient.** Most investments in T&C infrastructure have been funded under individual MS national programmes. Coverage of routine and periodic maintenance needs varies significantly between countries although generally there has been a marked increase in funds being raised by fuel levies and channelled to Road Funds. Despite increased resources being made available under-funding remains a serious problem in most ESA-IO MS with typically budgets being less than 60% of needs<sup>45</sup>. A complementary issue which is not being addressed is 'value for money'.

**Regional funds** are being established (e.g. the 'Infrastructure Financing Facility' of the COMESA Fund for Cooperation, Compensation and Development intended to mobilise public and private resources for infrastructure development and fund feasibility studies) but as yet they have made little impact. Costs of upgrading regional infrastructure vastly exceed available funding.

**VOCs, passenger fares, freight costs and telecom user fees are reducing**<sup>46</sup> **due to capital investments** but despite large national capital investment programmes over two decades, the regional transport system off the main routes continues to provide inefficient land transport services due to poor infrastructure. **Main users perceive an overall improvement in access to – and use of - key parts of the regional transport and telecommunication networks** resulting from rehabilitated infrastructure (improved services at lower cost, despite complicated immigration and customs procedures leading to delays at borders and ports, poor inter-modal and international

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Telecommunication Indicators 2006). Given that over the same period fixed lines have increased by only twofold or threefold it may be seen that most of the increase has been new mobile telephone usage.

<sup>43</sup> 'Reforms need to strengthen private participation and empower the private sector by involving it in policy dialogue and advocacy for improvements in the operational efficiency' (Assessing Regional Integration in Africa, ECA, 2004); involvement of road users and transport operators is part of the RMI building blocks (NEPAD, T.Triche, Road Policy Reform in SSA, SSATP, Paper 25).

<sup>44</sup> Inadequate coordination between governments and private sector hence insufficient dialogue with stakeholders is identified by COMESA as a constraint (RFP, TCSPIP, Dec 2007).

<sup>45</sup> Where Road Funds have been established in MS, fuel levies have been programmed to increase consistently over a number of years to a point at which revenues are equal to maintenance needs. In no MS has the programme been fulfilled. The current average is USD0.08/litre of petrol and USD0.07/litre of diesel although studies indicate that for SSA the average to meet all maintenance needs should be USD0.13/litre. Source RMI Matrix 2006

<sup>46</sup> Telephone connection charges and line rental have more or less consistently reduced over a decade. Meanwhile VOCs reduced immediately following a capital works intervention and then increase again over the next decade as the road is not maintained adequately and thus starts to break down. The freight and passenger costs usually follow the same line as VOCs (but with the added complication of increasing fuel costs). Thus, overall the trend is reduction but it is not a steady continuous trend by any means.

linkages between national transport sectors and incompatibility of national regulations, protocols and physical infrastructure)<sup>47</sup>. However without adequate maintenance such benefits can be fleeting. Despite this, transport costs per km are still among the highest in the world – an obvious constraint to flows of goods, services and trade

The huge expansion of mobile phone usage (see footnote 42), not only telephony, is a feature of most countries in ESA-IO which all correspondents quote as the most obvious manifestation of improved access to ICT.

#### ***JC 5.4 - EC regional interventions have efficiently contributed to improved regional transport and telecommunications services***

Under the 9<sup>th</sup> EDF, the transport and communication sector has absorbed more resources than allocated, and an even higher ratio of projects for which the amount committed has been contracted. Under the EA 8<sup>th</sup> EDF the situation is similar as the transport sector has absorbed over 40% of committed resources and, again among sub-sectors, road transport projects have attracted most EC regional funding. There are no significant allocations under the IO 8<sup>th</sup> EDF.

Support to this focal sector under 9<sup>th</sup> EDF has 2 pillars – TCSPIP and RICTSP (9ACPRSA16). Both have experienced delays. RICTSP continues to ‘experience challenges’<sup>48</sup> but with the recent arrival of a replacement project manager and EAC ICT Coordinator it may be expected that implementation will pick up. The other pillar is the flagship intervention of the RIP in the T&C sector, that is the development of the Transport & Communications Sector Priority Investment Plan (TCSPIP) master plan which is intended to identify and prioritise infrastructure investments as well as sector facilitation measures. Preparation of TCSPIP continues to be beset by delays such that the finished product may only be available in mid-2010 (although it could be possible to fast-track some high-viability interventions subject to adequate feasibility and viability studies) but care could be necessary to ensure that the credibility of PIP is not undermined by pursuit of high-profile ‘political’ projects of yet-to-be-confirmed viability.

A further possible complication is that it is reported that all RIOs intend to prepare their ‘own’ PIPs with possibly differing priorities. EDF resources alone cannot meet the infrastructure development needs of ESA-IO through RSP/RIPs or CSP/NIPs; hence the proposed leveraging of EDF, EIB and EU MS funds through the EU-Africa Partnership on Infrastructure. Finally interviews have yielded multiple references to problems with EC programming and EDF regulations<sup>49</sup>.

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<sup>47</sup> Although no hard data can be provided, this is supported by interviews and multiple visits to some ESA countries – Ethiopia, Eritrea, Kenya, Uganda, Mozambique, Lesotho, RSA, Zambia, Malawi over the past few years (not only in relation to this evaluation).

<sup>48</sup> Including delays in recruitment of a replacement project manager, absence of ICT coordinator in EAC, lack of technical backstopping, stretched capacity, delays in drafting and finalisation of implementation strategy, difficulties in tying results to overall framework and beneficiary priorities and cancellation of the 4<sup>th</sup> Technical Steering Committee – source IRCC Secretariat Quarterly Report N°17, July-September 2007.

<sup>49</sup> Some quotes collected during the course of this evaluation: *procedures for spending money are way too bureaucratic; not enough flexibility, too many constraints and demands, quality lacking; mess between AIDCO, DG Dev and RELEX; EC financial management very poor, overly bureaucratic (from internal and external points of view); RECs need a full-time person fully conversant with EC procedures in order to be able to actually obtain money desired from the EC; EC financial management system absolutely poor – have to tender for everything; bureaucracy for financing, whether national or regional programmes is more than overly bureaucratic, too heavy, way heavier than WB procedures; EC should stick to huge infrastructure projects that need to be planned well in advance with little need to be reactive; bad experiences of EDF procedures which are considered to be difficult to access and highly bureaucratic with danger of available funds not being accessed.*

***JC 5.5 - Cross cutting issues have been adequately considered in EC regional support to 'Transport and Communications'***

All transport sector infrastructure interventions should take **environmental issues** into account and all major capital works interventions are subject to Environmental Impact Assessments (EIAs) and Environmental Management Plans (EMPs) being prepared.

In the T&C sector there have been major institutional support and **capacity-building** efforts for more than a decade which have had overall disappointing results in terms of residual capacities. ICT capacity constraints at regional level have been identified as have constraints at national levels and it is reported that some constraints will continue beyond the life of current support programmes.

It is only with the 10<sup>th</sup> EDF that proposals will be formulated for the inclusion of an **HIV/AIDS** component in all RIP programmes. However, many NIP infrastructure interventions have provision for HIV/AIDS awareness activities.

T&C infrastructure is usually an early casualty of any **conflict** and restoration of such services is always high on the priority list after conflict has subsided. Rapid response can, if so managed, provide large scale employment generation and can contribute to community building and consolidation of peace but there is no articulation of such strategies in the RSP/RIP.

RSP/RIP proposals for facilitation of convergence of sector policies and strategies are immediately engaged with issues of **governance**. There is a history of poor progress of regional infrastructure initiatives due to national failure to implement commitments made at regional level. It has thus been proposed that NEPAD governance and peer review methodology could be applied to national infrastructure development.

**Sustainability** of policies and strategies is dependent upon private sector expansion as a result of liberalization resulting in improved market access and reduction of transaction costs. Sustainability of physical infrastructure assets depends upon a conjunction of adequate resources and capability both of which continue to be generally inadequate. All physical interventions investigate maintainability of the investment but more often than not maintenance is deficient as governments have a poor record of fulfilment of such commitments. This history of under-achievement does not encourage potential private sector partners to invest either upstream or downstream and this further reduces the overall sustainability.

Governments are withdrawing from service provision to concentrate on policy formulation, regulation and **monitoring**. The latter has been a serious problem as the quality and availability of data as a basis for informed decision making **has** been poor. Also, databases vary from country to country such that comparisons between countries have been difficult. Good monitoring data is necessary, not only to monitor progress but also to inform decision-making, policy preparation and direction.

## 4.6 EQ 6: NATURAL RESOURCES MANAGEMENT

***EQ 6. To what extent has the EC regional cooperation strategy in the ESA and IO contributed to sustainable management of shared natural resources and to resolution of common problems and threats?***

Overall answer to EQ 6:

***SUMMARY: the Programme has played a leading role in supporting regional NRM cooperation favouring the empowerment of RIOs and improving coordination with and between development partners. Significant achievements are evident in a number of areas: development of sectoral strategies (e.g. fisheries); creation / strengthening of cooperation networks (e.g. IO coral reef); development and adoption of shared management tools; improvement of public awareness and stakeholders' participation.***

During the last decade, the EC NRM cooperation strategy in the ESA-IO region addressed a variety of natural resource topics including: agriculture & rural development, marine & freshwater fisheries, land, water & coastal ecosystems protection & management, food security and safety.

The related programmes and supported policies are linked to the NEPAD process and contributed to:

- The preparation and implementation of **sectoral and sub-regional strategies** (e.g. LV fisheries);
- The structuring and consolidation of **regional cooperation networks** as well as the **emergence of regional poles of competence** associated with the mandates of RIOs (e.g. IO coral reef);
- The development and adoption of **shared management tools** for improved knowledge, resources monitoring, risk management and support to decision-making processes;
- Improvement of **public awareness and participation of multiple stakeholders** in sustainable management of natural resources with consequent benefits on socio-economic development.

The **EC appears to have played a leading role in supporting regional NRM** cooperation in the ESA-IO, favouring the empowerment of regional integration organisations (RIOs) and improving coordination with and between developing partners.

### ***JC 6.1 – Regional NRM initiatives and supported networks have enhanced the capacity of national institutions and groups to adopt and implement harmonised policy and regulatory framework***

During the period under analysis, several policies and strategies have been developed and adopted in line with the New Partnership for Africa's Development (NEPAD). Although the policy framework was developed over a long period of time and was influenced by several internal and external factors, there is evidence of links between policy achievements and EC support strategy, in particular:

- The elaboration and adoption of the Lake Victoria Fisheries Management Plan was the major output of the 8<sup>th</sup> EDF strategy for this important ecosystem hosting over 30 million people. Further support (9<sup>th</sup> EDF) for the implementation of the Plan allowed consolidation of the policy framework throughout the decision-making line strengthening the decentralisation process for the management of the lake resources at different levels of governance (regional, national and community), allowing the sectoral approach to evolve into a wider ecosystem approach. This in turn has favoured the emergence of the Lake Victoria Basin initiative that adopted a broader geographic and inter-sectoral perspective linking environmental and socio-economic aspects, thus addressing the needs of multiple stakeholders and contributing to sustainable development.
- On the marine resources side, the policy support provided by EC to the IOC-led fisheries and coastal programmes is a clear contribution to the wider Indian Ocean framework, embedded in

the Large Marine Ecosystem approach as defined in the Nairobi Convention<sup>50</sup>. The Convention provides a mechanism for regional cooperation and coordination of actions under the NEPAD environment initiative. It is also an important platform for dialogue between governments and civil society, offering a legal framework for improved synergies between development partners.

- The Indian Ocean Tuna Commission (IOTC), whose Secretariat is based in Seychelles, was established under the aegis of FAO for managing exploitation of migratory fish resources. It comprises 26 members representing the Indian Ocean States of Africa, Asia and Oceania and the outside fishing nations. The role and valuable contribution of the IOC through the EC-funded tuna tagging and surveillance programmes has been recognised during the 11<sup>th</sup> IOTC session held in Mauritius in May 2007<sup>51</sup>.
- The Association for Strengthening Agriculture Research in East and Central Africa (ASARECA), a non-political association of research institutes in 10 African countries, has received support from the EC and other donors for developing and fine-tuning their research activities through regional thematic networks. This joint effort has led to the development of a long-term strategic Plan for the period 2006-2015.
- The 8<sup>th</sup> EDF regional Plant Protection programme of the IOC is developing and implementing a regional strategy for the protection and safety of food crops, harmonising phytosanitary legislation and control measures and ensuring safety of agricultural and food trade. These achievements will also strengthen the capacity of member countries to comply with EPAs and WTO regulations.

#### ***JC 6.2 – Knowledge, awareness and protection of valuable and threatened natural resources are enhanced in the participating countries and among the target groups***

Most EC regional programmes had or have a strong capacity-building component. A common approach has been to establish and strengthen national relays and develop regional cooperation networks involving scientists, institutions, decision-makers and private sector associations. Common management mechanisms have been developed and partially adopted in order to make collection, processing and dissemination of data compliant with agreed strategies and with specific national characteristics (see JC6.3).

**Training of staff and decision makers, and consultation mechanisms** with end-users have been essential accompanying measures and have helped integrate the knowledge systems in the regional and national institutional environment (e.g. Integrated Coastal Zone Management - ICZM) working groups in IOC national institutions, BMUs in the lake Victoria).

The adoption of **multi-actors consultation mechanisms** (e.g. Lake Victoria stakeholders' periodic conferences) and decentralised financial instruments (RECOMAP Call for Proposals schemes) have increased the participation and empowerment of NSA in planning and implementation of NRM strategies, partially overcoming past and initial constraints on public-private partnerships. Increased synergies should be sought for NSA participation and benefits arising from national and regional initiatives.

The **IOC environmental education programme** (ARPEGE) implemented from 2003 to 2005 produced a regional strategy, methodological guidelines and pedagogic tools adapted to the regional parameters with introduction of environmental education in the curriculum of IOC member states. National coordinators and 200 teachers were trained and 80 pilot schools were supported.

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<sup>50</sup> The Nairobi Convention for the protection, management and development of the marine and coastal environment of the Eastern African region (<http://www.unep.org/NairobiConvention>) was signed in 1985 and ratified between 1988 and 2003 by all Southwest Indian ocean countries (from Somalia to South Africa)

<sup>51</sup> Source: [www.iotc.org](http://www.iotc.org)



***JC 6.3 – Regional cooperation networks and monitoring systems enhanced the countries preparedness to natural disasters and their response capacity for more sustainable NRM.***

The combined benefits of policy development (JC 6.1) and knowledge improvement (JC 6.2) helped the regional and national institutions to address and monitor those issues perceived as more important for economic development and particularly sensible for reducing natural hazards and environmental threats.

**Cyclone warning systems** have been consolidated (e.g. IOC meteorological programmes) with positive achievements in forecasting and response capacity in affected countries of the Southwest Indian Ocean (SWIO) thus strengthening national relays in the island countries. Specific attention should now be devoted to the design and adoption of preventive measures in respect of land use, construction standards and coastal protection, as the recent (April 2008) cyclones and floods in Mauritius and Madagascar have highlighted.

The **SWIO Coral Reef Monitoring Network** (CRMN), set-up under the 7<sup>th</sup> EDF, created the conditions for involvement of scientists, NGOs and private operators (scuba diving associations) in a long-term monitoring of coastal marine resources considered a major asset for sustainable tourism development and particularly under threat from climatic (global warming) and human hazards (inland and marine pollution). The regional network continues to operate and to produce periodic national and regional reports for the Global Coral Reef Monitoring Network led by Australia (source: focus group in Mauritius).

The **IO Marine Ecotoxicology** network was set up in the same period to address the phenomena of algal blooms and fish poisoning affecting the territorial waters of some countries of the SWIO. Ten years later, this cooperation and monitoring mechanism is active in countries where the concern for fisheries and public health is important (Mauritius, Reunion) and where public-private partnerships have been maintained (source: focus group in Mauritius see annex 8).

Several agricultural research networks were structured and consolidated through regional cooperation initiatives. Under the umbrella of ASARECA and its long-term strategic Plan (see above), **thematic centres of excellence** are being established for specific agricultural commodities (banana, coffee, etc.), for ecosystem approach (e.g. highlands) and for policy guidance, thus contributing to build regional research expertise tailored to specific agro-ecological systems and to specific policy and trade issues.

Animal and plant protection programmes have created **pest control networks** contributing to more integrated responses to food security crises and trade requirements.

**Assessment and monitoring of environmental indicators** based on information sharing between thematic poles of competence (e.g. AMESD) will allow development of the region's and countries' preparedness for natural disasters (droughts, floods, sea level rise) and enhance the integration of preventive and mitigation measures in sectoral policies for agriculture, water, land use and coastal management. Its important to note that these thematic poles of competence are related to specific areas of concern (e.g. marine environment in the islands, drought in the Horn of Africa).

***JC 6.4 – Improved trends in the management systems of natural resources***

EC Regional **focus on policy harmonisation and knowledge sharing** have certainly strengthened RIOs and countries' capacity in diagnosis and monitoring of the natural resources base, contributing to the integration of environmental management into socio-economic development. Improved convergence with national policy-making processes should be pursued in

the 10<sup>th</sup> EDF strategy so as to increase subsidiarity and visibility of regional added value and to promote participation and benefits for a wider audience, from public institutions to NSA<sup>52</sup>.

The long term and combined efforts of development partners towards sustainable management of the Lake Victoria fish resources have led to development and adoption of more environmental-friendly fishing practices (e.g. bans on destructive fishing gears, adoption of zoning and fishing calendars), reducing the pressure on the lake resources. Combined with awareness and communication campaigns carried out among the fishing communities of the three riparian states, the creation of 1087 Beach Management Units has been acknowledged as an important and replicable success story in terms of **empowerment of the fishing communities**<sup>53</sup>.

Positive trends are also underlined<sup>54</sup> in the implementation of **agricultural research programmes** adapted to the needs of specific sub-regions, countries and agro-ecosystems and able to respond to food security, environmental threats or trade requirements, therefore making national agricultural research institutions more responsive to macro and micro-economic needs in productive sectors.

Multilateral agreements signed between EAC and IOC member states proved to be **effective in developing common procedures and management tools**, such as regional environment impact assessment (EIA) guidelines for shared ecosystems<sup>55</sup>. The application and enforcement of these common tools at national level remains heterogeneous and dependant on the capacity of national institutions (source: Recomap).

#### ***JC 6.5 - EC regional interventions have efficiently contributed to improved NRM in the region***

The Joint Annual Report 2006 for the ESA-IO cooperation expressed a satisfactory assessment on the implementation status of NRM programmes. The following findings arise from programme analysis.

**Most 8<sup>th</sup> EDF regional initiatives are completed** (e.g. Meteorology and ARPEGE) or close to completion (e.g. Plant protection and Agricultural Research programmes) with the exception of IGAD-HYCOS that was removed from the programme pipeline.

Some programmes (e.g. IO Tuna Tagging and LV Environment programme) stretched over the 8<sup>th</sup> and 9<sup>th</sup> EDF in order to ensure continuity and overcome financial shortcomings.

The **duration of strategy and programme preparation and financing remain long** (from one to two years), despite continuity in thematic support and increased capacity within RIOs. This is due to the complexity of programmes, the geographic coverage under the new ESA-IO set-up and the necessary consultation process among the recipient countries and within the EC Services<sup>56</sup>.

The **role and contribution of IRCC is generally appreciated by the RIOs**, the management focus of which has been devoted to relevance and quality of project preparation in order to make the ESA-IO umbrella more responsive to their specific sub-regional characteristics.

The improved preparation and management skills conform to the criteria for the application of contribution agreements to RIOs, in particular EAC and IOC that are currently undertaking important management reorganisation in order to **accelerate the adoption of the Contribution Agreement tool** in the forthcoming 10<sup>th</sup> EDF RIP.

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<sup>52</sup> This concern was raised during the focus group discussions (see annex 8).

<sup>53</sup> Source: Lake Victoria Fisheries Organisation (LVFO) Newsletter and discussion with LVFO Executive Secretary Mr Maembe.

<sup>54</sup> Source: ASARECA – Sharing experiences on reform of Agricultural Technology Development and Dissemination Systems in eastern Africa, report of the Practitioners' Retreat, Addis Ababa, February 2004

<sup>55</sup> Sources: EAC (<http://www.eac.int>) and RECOMAP (<http://www.recomap-io.org>)

<sup>56</sup> After two years from the start of the negotiation process, the 10<sup>th</sup> EDF RSP is not yet finalised.

Efficiency of regional programmes implementation arrangements, particularly in relation to national actions, is subject of debate on appropriate administrative procedures<sup>57</sup>, **empowerment of national resources persons and synergies with NIPs** and national projects. Subsidiarity and complementarity of regional and national envelopes is certainly an area for improvement and should be tackled in the early stages of the 10<sup>th</sup> EDF strategy.

Aid efficiency and effectiveness is also strongly linked to donor coordination, as underlined by several regional stakeholders during a focus group in Mauritius, as the different response and commitment of national authorities to the regional cooperation initiatives is often influenced by the opportunity to join one or more **similar or overlapping programmes** (several coastal management initiatives are under way in the region). Synergies between those initiatives should be strengthened prior to their implementation, whenever possible.

In addition to RIPs and NIPs, other financing instruments were made available in the NRM sector. All-ACP programmes such as the SFP-ACP<sup>58</sup> facility enhanced coherence with EU fishery Policy, ensuring added value and access to markets for the LV and IO fish products and guaranteeing safe food for the main import market, the EU.

***JC 6.6 – Programming and implementation in NRM, actively promotes shared use and improved management of NR and access to NR (land, water, etc.) for neighbouring communities, thus reducing conflicts and risks among countries and stakeholders***

Regional EC-supported initiatives promoting shared use and improved management of NR include:

Several research and development programmes in the **Lake Victoria Basin** that have enhanced knowledge and management arrangements on common issues (fisheries, access and use of water resources, watershed management) promoting a basin-wide approach and generating consensus on priorities and strategies among the countries and local communities. In a region where conflicts are often related to access to and exploitation of NR, this can be seen as a considerable achievement.

**Monitoring and risk management programmes** such as AMESD and REFORM aimed at enhancing the preparedness of single countries to natural and human-induced hazards (cyclones, floods, droughts, food crisis and migration), by pulling scarce national technical and human resources into a regional coordinated response, to the benefit of more vulnerable countries and communities. This regional cooperation shift is increasingly perceived<sup>59</sup> by African States and donors as a fundamental move toward intra-regional response capacity leading to enhanced dialogue and increased socio-economic benefits, including reduced donor-dependence and valorisation of regional centres of excellence and value chains. The effects of such approach should emerge in the next few years as the programmes did not reach tangible outputs yet.

**Monitoring of fish stocks and control of fishing operations** (particularly by foreign vessels) helped the Indian Ocean countries to improve their economic benefits through multilateral agreements, better enforce their fishing regulations and reduce illegal access and poaching on their Exclusive Economic Zones (EEZ).

Policy development in the region has led to the signature of **multi-country protocols** and to the definition of management arrangements developed for shared resources, the most important of which is the Protocol for the sustainable management of Lake Victoria basin, signed in November 2003 by the Governments of Kenya, Tanzania and Uganda under the aegis of the Eastern African Community (EAC).

<sup>57</sup> There is a general feeling in the region that the EC procedures are not appropriate to the regional cooperation ambitions and challenges.

<sup>58</sup> Strengthening Fish products safety in ACP and OCT countries.

<sup>59</sup> Source: Assessing Regional Integration in Africa, ECA, 2004 and NEPAD policy framework

#### 4.7 EQ 7: CONFLICT PREVENTION, RESOLUTION AND MANAGEMENT

**EQ 7. To what extent has EC support helped establish regional CPRM strategies, and improved capacity to prevent, resolve and manage conflicts in the region, and therefore enhance regional peace?**

Overall answer to EQ:

**SUMMARY: the EC/EU, despite its huge added value and strategic potential to support CPRM strategies, is ill-equipped at present to do so. Lack of qualified personnel, low sensitivity to conflict issues and insufficiently flexible financing instruments or mechanisms limit its potential to be a more significant player in this development area. Problems of coherence among the different programmes in place at AU, regional, sub-regional and national levels, reduce credibility and may have future negative impact.**

The EC has **no ESA-IO-wide CPRM strategy**, nor has it contributed to the establishment of an ESA-IO wide strategy. On the other hand, the ESA regional institutions do have topic specific strategies and policies, which are supported by the EC funded “Conflict Prevention Programme” and refer to the EC financed CPP as a “CPRM strategy” on their websites. The CPP can be viewed as a strategy of sorts as it attempts to build the capacity of the three institutions (COMESA, EAC, IGAD) in a manner that is complementary and coherent by supporting the RIOs topic specific strategies and policies, nevertheless coordinating and exchange mechanism to bring together disparate activities by the three separate institutions are still lacking.

The EC/EU has established significant financial agreements for CPRM activities and partnerships (in initial implementation stages); agreed a sub-regional strategy for the Horn of Africa (no implementation yet); and provided important support to peace processes (including the Africa Peace Facility- APF). These are positive elements to bolster the CPRM requirements in the region.

However, several issues of concern hinder this potential positive impact. **The CPRM sensitivity of the main sectoral programmes (RI&T, T&C and NRM) is low.** The complexity of the management system – together with the relatively low institutional capacity of mandated RIOs (IGAD above all) – has led to serious delays in the implementation of the EC CPRM programmes in an area that does not cope well with several years delay. **The strategic coherence of the CPP ESA-IO programme, and the EU-AU Peace Facility is unclear.** Though the CPP establishes a sort of ‘division of labour’ between the three RIOs (COMESA, EAC and IGAD), it does not include IOC in the funded activities, and more importantly does not address how information from the RIOs should flow between them nor with the AU or APF. Though the CPP might fit with the AU plans for a pan-African security architecture, these issues are not explicitly addressed.

##### ***JC 7.1 – Coordinated CPRM policies and plans have been put in place by RIOs and their member states***

The IRCC, COMESA, EAC, IGAD and IOC, under EC auspices, jointly prepared a conflict prevention programme (CPP) for the Eastern and Southern Africa (ESA) region under the 9<sup>th</sup> EDF. This joint programme has three components, each to be carried out by one RIO: an early warning component (IGAD); the fight against small arms and light weapons (EAC); and the fight against war economies (COMESA). The CPP Financing Agreement was signed at the end of 2007 between the EC and IGAD as the Regional Authorising Officer (RAO) on behalf of COMESA, EAC, IGAD and IOC.

The CPP Programme is the result of a good assessment of needs, strengths and weaknesses of each regional institution, and aims to establish a certain ‘division of labour’ amongst topics and areas so as to avoid duplication between the RIOs. It attempts to build the capacity of the three institutions

in a manner that is complementary and coherent. However, the coordinating and exchange mechanism to bring together the disparate activities by the three RIOs is not in place and it is not clear how information is to be shared with the AU and the APF. This is partly due to the problematic leadership. In fact, although IGAD has reluctantly agreed to take an oversight role for the CPP, it does not have the capacity or the motivation to do more than minimally ensures advancement of the programme. IGAD believes the AU alone has the mandate for oversight over the RIOs but at the moment, the AU Secretariat is relatively young, with low capacity to play any sort of oversight coordination role, or lead role in establishing strong regional CPRM strategies or directives.<sup>60</sup>

In terms of coordinating strategies for CPRM, there is no CPRM strategy for the ESA-IO region, though the CPP may well fit in with the assumption that the strong EU support to the African Union, and its Secretariat, aims to eventually establish a pan-African approach to peace and security, with the regional organisations playing, as it were, a subsidiary role to the AU, in which this division of labour is useful. On the other hand, although the EC has supported the establishment of a strategy for the Horn of Africa, with ownership by IGAD, the strategy, agreed in 2006, has not yet been translated into concrete or visible actions and lacks any visible financing (according to Delegation staff). Again, lack of visible coordination between and amongst this strategy, the AU-EU Partnership, the CPP and the APF is problematic.

### ***JC 7.2 – Capacity to exercise CPRM mandates and activities in the region has improved***

CPRM capacities in the region, in particular in IGAD, have improved compared with ten years ago, though much remains to be done.

The CPP aims at strengthening the CPRM capacity of the RIOs according to the assessment made in 2001<sup>61</sup> and the programme document formulated in 2004-5. An additional programme was suggested for improving IGAD's capacity to provide financial reporting (€1 million).

The CPP FA was signed in late 2007 only, while the FA of the IGAD's capacity building was only signed in April 2008, so it is difficult to assess whether EC contributions have helped improve regional capacities. That said, the discussions with the EC, the studies carried out, and the provision of technical assistants to the regional institutions, are all likely to have played a role in improving the capacity to exercise CPRM mandates and activities in the region.

The EU has also provided major support to AU peacekeeping operations in Africa through the Peace Facility, as well as the AU Good Governance Agenda through the European Initiative for Democracy and Human Rights (EIDHR), and the EC has made important contributions to the Sudan and Somalia peace processes (under IGAD auspices) for which two separate peace secretariats were set up, both administered from Kenya. Support exceeded €20 million. None of these actions carried out under the 8<sup>th</sup> EDF has yet been independently evaluated, but IGAD intends to undertake a lessons learned study of the peace processes possibly in the context of developing a CPRM strategy.<sup>62</sup>

In addition, it is expected that the AU-EU Partnership and the EC/EU support to the African Peace Facility that includes a capacity building component will strongly contribute to strengthen the AU's capacity to exercise its mandates and activities across Africa including the ESA-IO region.

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<sup>60</sup> Interviews with staff in IGAD; GTZ.

<sup>61</sup> EC: "CPRM: Capacity Assessment Study for the IGAD Region".

<sup>62</sup> Drawn from financial agreement document for the Conflict Prevention Programme for the ESA Region (10 million euros).

### ***JC 7.3 - Conflict analysis is systematically applied in sectoral development and programming***

Conflict analysis is *not* systematically applied in regional development and programming in any focal sector. Guidelines circulated by the EC's interservice Quality Support Group (iQSG) in May 2001 aimed to establish a "Common Framework for Country Strategy Papers". During formulation process, the iQSG guidance states that "conflict prevention and crisis management require systematic attention". The iQSG "Fiche on Conflict Prevention" emphasises the imperative "that EC external assistance and policies are contributing towards tackling the root causes of conflicts and that EC assistance does not have unintended negative impact on the conflict dynamic". The EC (RELEX) has also developed a check-list of root causes of conflicts, with expectations that this is applied.

The reasons for this lack of conflict sensitivity in this fragile region are multiple. The EC lacks personnel with substantive knowledge of CPRM, fragility, governance and the (sub)regions. Strong policy statements (Goteborg, etc.) do not seem to be backed up by equally strong policy guidance. There is no enforced incentive system for ensuring conflict sensitivity of regional programming and regional strategies<sup>63</sup>. There is no knowledge management network within the EC allowing non-specialist staff grappling with CPRM issues, or conflict-affected countries, to exchange information, pose queries, gather knowledge and learn from each other<sup>64</sup>. There appears to be no network of any sort that brings together conflict advisors and specialists from across the EU, or within the EC, or even across the ESA region, although a Horn of Africa network of governance advisors appears to be expanding towards an Africa-wide network<sup>65</sup>. Such networks would provide forum to discuss information, challenges and opportunities.

Finally, lack of dedicated 'champions' or CPRM staff responsible for regional CPRM programme implementation and solely dedicated to these, means that any quality is dependent on the individual(s) rather than the system.

### ***JC 7.4 - EC's interventions have been efficiently delivered***

EC's interventions have been not been efficiently delivered. The CPP programme and the €1 million programme to improve IGAD's capacity to address CPRM (notably financial reporting capacity to improve IGAD's potential to be eligible for a contribution agreement) were only signed at the very end of the 9<sup>th</sup> EDF period. Implementation will take place in the 10<sup>th</sup> EDF time-frame. Although delays in finalising financial agreements are due to several factors – including political difficulties within regional institutions (for example, within IGAD political constraints created by Eritrea/Ethiopia relations); and lack of capacity within those institutions to provide the required paperwork and reporting - it is none the less possible to underline that a very complex approach to financial agreements, in particular in sensitive areas such as CPRM or governance, is robbing the EU and the EC of its potential to be reactive within a reasonable time-frame, and to deliver programming and financing efficiently.

It was suggested that in relation to financing mechanisms, it does not seem feasible to continue to apply the same procedures to operational (peace operations) and non-operational CPRM activities. According to EC Delegation staff, peace support operations cannot be set up and financed quickly through EU/EC funding, even though they need this in order to be effective. The currently complicated EDF financing rules do not seem to allow the reactivity and flexibility required for efficient and effective delivery. Staff were not able to explain why peace support operations were financed via EDF rather than the Instrument for Stability.

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<sup>63</sup> The iQSG programming fiche for CPRM, for example, is extremely complete, but no evidence could be found, whether in documents, discussions in Brussels or in the field, that anyone uses the fiche or feels the need to do so (in relation to regional issues). Most staff queried, including those responsible for national programming, did not know it existed.

<sup>64</sup> See UNDP CPR-NET internal knowledge management system.

<sup>65</sup> According to discussions with ECPDM staff on 6 April 2008 when exchanging information on recent CSO evaluation in Somalia.

### ***JC 7.5 - CPRM has taken into account other important cross cutting issues***

The CPRM programmes financed by the EC (notably the CPP for the ESA region) have taken into account gender equality, HIV/AIDS, and to a small extent natural resources management in the general discussion of issues in the programme documents. At the same time, they do not address these issues in any sort of substantive or in-depth way. The capacity to address these issues within each of the regional institutions (EAC, IGAD, COMESA) is relatively strong, in particular within IGAD which has a strong gender equality programme.

## **4.8 EQ 8: IMPACT**

***EQ 8. What have been the achievements in terms of increased trade in goods and services, NR related economic activities, investment and inter-regional movement of people, and what are their main determining factors? If significant achievements are registered, what has been the contribution from the sectoral changes supported by the EC strategy?***

Overall answer to EQ 8:

***SUMMARY: Trade increase has been the main driver of economic growth in the area. And the Programme has contributed to the strong regional increase in intra- and extra-regional trade, driven by external factors (high international demand, etc.), by helping improve regulations and integration of the markets, transport and communication systems and management of natural resource. The establishment of a relationship between the direct and indirect contributions of the Programme to the export-driven economic growth and actual poverty reduction at regional level goes beyond the scope and the capacities of the present studies. It is possible to affirm, however, that high rates of economic growth are a pre-condition for poverty reduction and that in many cases, economic growth has occurred in sectors widely dominated by smallholders (e.g. fishery and food).***

Overall, significant achievements have been registered in the considered period, in terms of increased trade in goods and services, NR related competitive economic activities, investment and inter-regional movement of people:

- trade values have increased both intra- and extra-regionally;
- flows of both inward and outward FDIs have increased;
- demand for - and access to - all modes of transport services has increased, although important operational barriers persist;
- there has been an overall improvement in access to - and use of telecommunication networks, but the digital divide with the rest of the world remains very high;
- lake Victoria fishery production and exports have increased at a significant pace, in an improved framework of environmental management, thereby contributing to the economy and livelihoods of the area with a medium-term perspective;
- marine fishery exports have also increased, mainly through an increase in the competitiveness of artisanal fisheries, which has benefited of the various coastal and related resource management initiatives and agreements;
- tourist flows have increased at a pace higher than the African average, showing an increased attractiveness of the area.

Among these positive achievements, it should be noted that trade, the main indicator of regional integration, has grown faster than GDP, and has acted as a main driver of economic growth in the



region<sup>66</sup>. Exports have grown at 7.2% per annum between 1996 and 2006, and GDP has grown 6.5%<sup>67</sup>.

ESA-IO regional growth in recent years has been driven by the surging demand among emerging nations – particularly India and China – especially for raw materials. The regional export growth mentioned above, however, does not include oil, whose exports have known a tremendous increase especially from Sudan to China. A large part of the exports considered include agricultural raw material, various minerals, and food.

Export volumes and values have increased for most countries and for the sub-region as a whole. While ESA-IO exports to the rest of the world increased faster than intra-regional exports in the period 2001-2006 (+18% versus +13.3%), in the case of food and manufactures intra-regional exports have risen significantly faster than extra-regional exports<sup>68</sup>. Neither intra-regional nor world trade could have grown at such a pace without the significant improvements registered in the areas of trade regulation and T&C regulation and infrastructure. This is especially true for the growth of intra-regional trade which heavily relies on the intra-regional networks and on their effectiveness and efficiency.

Productions related to natural resources (such as fish, various food products and agricultural raw materials) have provided an important contribution to the increase in merchandise export.

FDI has grown at a very high rate and not less than 50% of it has occurred in non oil countries. Tourism has also grown at rates higher than those of the rest of the world and of SSA.

All such improvements have been driven by positive international circumstances (overcoming of the international crisis of the mid nineties, booming of the Chinese and Indian economies, etc.). They have benefited, however, of the improvement - though still unsatisfactory - supported by the EC programme in the fields of trade liberalisation and regional integration, strengthening of the regional transport and communication networks, and improvement of the natural resource management at regional level especially related to marine coasts and lake Victoria.

The answer to this question suffers from some limitations, above all limited availability of quantitative data and lack of specific studies that have prevented the team from assessing – within the limits of the study - the relative importance of the different competitiveness factors in determining trade growth or the direct determinants and cause-effects chains of growth in some sectors (for example, in fish catches and fish trade). The same limitations regard the assessment of the specific impact of growth on the livelihoods of the concerned communities. Despite this caution, certain evidence supported by theory has enabled the team to reach a number of conclusions.

### ***JC 8.1 - Export and intra-regional trade volumes increased***

Export volumes and values have increased for most countries and for the sub-region as a whole and such growth can only partly be attributed to oil-related trade (World Development Indicators).

Total ESA-IO exports grew faster than the whole economy. As a percentage of GDP, they increased almost 5 percentage points over the period 1996-2006 (from 31.8% to 36%). Total imports, however, have recorded a larger increase in the same period, as they moved up 6 percentage points (from 42.8% to 48.8%). For both total exports and imports, the average growth rate was stronger in the period 2001-2006 than in the 1996-2001 period<sup>69</sup>.

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<sup>66</sup> On the link between Trade and Economic Growth, see inter alia Dan Ben-David and Michael B. Loewy *Free Trade, Growth, and Convergence* in *Journal of Economic Growth*, Volume 3, Number 2 / June, 1998 pages 143-170. The link between growth and poverty reduction is much more controversial (see the reply to JC 8.7, below). It depends upon the specific drivers of growth the distributional policies in place.

<sup>67</sup> Source: World Development Indicators for GDP data and UNCTAD for export data.

<sup>68</sup> Source: Comstat

<sup>69</sup> Source: World Bank Statistical Database.



Intra-regional exports have registered an important growth rate (+13.3%) as have extra-regional exports (+18%); the difference in growth rates can primarily be attributed to the rapid growth in world demand for raw materials, minerals and fuels. In fact, in the case of food and manufactures, intra-regional exports have risen significantly faster than extra-regional exports (food: intra +12.2%, extra + 9.2%; manufactures: intra +23.4%, extra +16.2%)<sup>70</sup>. The significant rise in intra-regional exports is confirmed by data on merchandise exports within blocs that indicate for the period 1996-2006: +140% for COMESA, +60% for EAC and +25% for IOC<sup>71</sup>.

Finally, UNCTAD data confirms that the share of COMESA export in the world market has increased since the late nineties.

Overall, data on trade show that the exchange of products within the region and between the region and the rest of the world has significantly increased over the period considered. Since such increase has been higher than the increase of the regional income, it is reasonable to consider that trade has been one of the drivers of the economic growth of the region. Trade growth (in particular quantitative growth and the increases in market shares) implies an increase in the international competitiveness of the regional products. Part of such increase is certainly due to the improvements in transport and communication networks and the reduction of tariff and regulatory barriers, though - based on the available data - it is not possible to say more on the relative importance of such factors compared to other competitiveness factors. The consideration of the following outcome indicators (access to communication and transport network) provide further support for such an assessment.

### ***JC 8.2 - Increased access to - and improved competitiveness of - the telecommunication networks***

Overall, significant progress has been achieved in terms of access to telephone services in the ESA-IO region. Cellular subscribers increased by almost 15% points, and telephone lines increased by 18% points over the period considered<sup>72</sup>.

However, despite great advances in tele-density in recent years, the majority of Africans continue to have little or no access to telephone services and there are wide national, regional and international disparities in such accessibility<sup>73</sup>. Although absolute growth levels in the sector remain inadequate to support sustained economic development, the ESA-IO region indexes are more favourable compared to the SSA average.

Developments in the internet sector have come at a slower pace. The number of internet users in the ESA-IO region grew by merely 4% points in 10 years reaching the level of 4.4% of the population. Despite the particularly disappointing performance of some countries such as Congo DR, Ethiopia, and Malawi where the percentage of internet users in 2006 was less than 0.5% of the population, when comparing regions in Africa, the growth of ESA-IO countries appears to have been higher, especially since 2000 (average internet users in ESA-IO countries in 2006, 4.4% versus 3.18% in Sub-Saharan Africa)<sup>74</sup>.

In conclusion, it is possible to stress that, though in the framework of the very back warded African context, where the digital divide with the rest of the world is increasing, the ESA-IO region shows relatively higher growth rates, especially since 2000.

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<sup>70</sup> Source: Comstat

<sup>71</sup> Source: Africa Development Indicators 2007, World Bank.

<sup>72</sup> MDG 2007 UN Database.

<sup>73</sup> Sources: ITU African Telecommunications Indicators 2006; NEPAD Short-term Action Plan – Infrastructure 2002; Assessing Regional Development in Africa, ECA, 2004; other data collation and updating by the evaluation team.

<sup>74</sup> Sources: MDG 2007 UN Database; ITU World Telecommunication Indicators 2006 with some calculations by the evaluation team.

### ***JC 8.3 - Increased cross border and international investment***

Comprehensive statistics by UNCTAD on bilateral flows of foreign direct investment (FDI) show that the flow of FDIs has considerably increased over the period 1996-2006. In 2006 inward FDIs reached a value five times that recorded in 1996.<sup>75</sup>

Inward FDIs are usually encouraged by the existence of economically significant resources, direct incentives (e.g. tax breaks, subsidies, etc.) and by a relatively conducive business environment (market competition and infrastructure).

According to the data breakdown (see annex 7) it can be estimated that approximately 50% of the increase in FDI is concentrated in non-oil countries. This means that overall the ESA-IO region has become more attractive as well as more reliable for foreign investors.

### ***JC 8.4 - Access to transport services (freight and passenger) has increased at affordable levels***

Demand for all modes of land transport services is increasing at around 10-15% per annum and this data is consistent with the trade trends. The condition of the infrastructure, however, together with avoidable delays during the transit of countries and borders, continue to make vehicle operating costs (and thus freight and passenger transport costs) among the highest in the world<sup>76</sup>. Demand for containerised, non-containerised and bulk cargo is increasing in all ports at an average growth in demand of over 7% in recent years, while TEU growth has been greater than 13% per annum over a five year period with 60% increase in throughput since 2006. Again, despite such increase, major investments will be needed to meet the demands of expected growth under regional development strategies.

Operational issues are now probably the greatest cause of lost time for haulers and in passenger transport at border posts leading to increased transit costs. Border crossings are a perennial source of delay which has only been slightly eased by harmonized documentation and procedures as there are very few one-stop international crossings and working arrangements on adjoining border administrations can be markedly different. A further issue in some countries is road blocks and other inspection points, many of which are simply free lance road tolls, thus contributing further to journey times and costs.

The poor condition of roads (and rail networks) can also increase journey times although this is more an issue of increased Vehicle Operating Costs (VOCs). High costs of transport in ESA-IO in general are a serious impediment especially for land locked countries.

Overall however, VOCs, passenger fares and freight costs are reducing<sup>77</sup> and main users perceive an overall improvement in access to – and use of – key parts of the regional transport networks resulting from rehabilitated infrastructure<sup>78</sup>. Despite these improvements, transport costs per km are still among the highest in the world, an obvious constraint to flows of goods, services and trade and without adequate maintenance such benefits can be fleeting.

Movement of people across international boundaries is becoming easier but there is no significant easing of labour regulations owing to continuing protectionist restrictions on free movement of labour.

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<sup>75</sup> UNCTAD, Foreign Direct Investment Statistical Database.

<sup>76</sup> Sources: Assessing Regional Integration in Africa, ECA, 2004 shows that transport costs are high in Africa in general and in landlocked African countries in particular - averaging 14% of the value of exports compared to 8.6% for all developing countries - and higher still for many countries, such as Malawi (56%) [...] and Rwanda (48%).

<sup>77</sup> VOCs immediately fell following a capital works intervention and then increased again over the next decade as the road was not maintained adequately and thus started to break down. The freight and passenger costs usually follow the same line as VOCs (but with the added complication of increasing fuel costs). Thus, overall the trend is a reduction but it is not a steady continuous trend by any means. See also I.5.3.7.

<sup>78</sup> Though no hard data can be provided, this is supported by interviews and multiple visits to some ESA countries – Ethiopia, Eritrea, Kenya, Uganda, Mozambique, Lesotho, RSA, Zambia, Malawi - over the past few years (not only in relation to this evaluation). See also I.5.3.7.

In fact, despite aims of free movement of people promoted by RIOs, MSs have strong reservations as there are, in most countries, only limited employment opportunities.

### ***JC 8.5 - Economic activities relying on NR conservation and security have increased***

Data on fish trade indicate that the region has significantly increased its amount of both total and net exports as well as its share in the international market (exports have shifted from 345 million US\$ in 1995 to 1,100 million in 2006, while the share in the world market has increased from 0.7% in 1995 to 1.5% in 2006, source: UNCTAD).

Looking at marine fisheries, the total capture of the South-Eastern Indian Ocean region amounts to about 4 Million tonnes, while the share of industrial catches remains almost unchanged at about 0.4 Million tonnes. The increase in export can therefore partly be attributed to artisanal fishery.

On the other hand, data related to the Lake Victoria fisheries indicates that in the period 1999-2005, the annual estimated total amount of fish catch has increased by 16% from 688,836 to 804,471 tonnes for an estimated beach value for the year 2005 of US\$ 347,552,424., and that overall fishery yields from the lake are of the order of magnitude of 800,000 – 1,000,000 t<sup>79</sup>.

In addition, FAO data shows that in the last decade freshwater fish exports from Kenya, Tanzania and Uganda (most of which come from Lake Victoria) have increased from approximately 70 mln USD to approximately 340 mln USD.

Previous studies indicate that the fisheries of Lake Victoria make a substantial contribution to poverty reduction and economic growth at all levels: individual, household, community, local government and national, through employment, income, food security, revenue-raising and foreign exchange earnings from international exports (over 2 million people are supported by the fisheries and the annual fish consumption needs of almost 22 million people in the region are met by the lake alone). Available data and studies, however, do not allow to assess or quantify the direct determinants and cause-effects chains of the growth in fish catches and trade nor their specific impact on the income of the fishing communities and on the whole value chain.

Such an increase however is related to the combined result of a number of factors, such as: favourable economic international conditions, increased investments, improved market competitiveness, transport networks and natural resource management. The latter factors have been supported by ESA-IO programmes. More specifically it can be stated that: i) the combined EC support has contributed to improve access of lake fish products to local, regional and international markets in a sustainable manner, thereby contributing to the economy and livelihoods of the region with a long term perspective; ii) the role of the EC supported projects has had a positive impact in promoting the sustainable management of the Lake Victoria fish resources through the development and adoption of more environmental-friendly fishing practices (e.g. bans on destructive fishing gears, adoption of zoning and fishing calendars), and of co-management structures (e.g. beach units), thereby reducing the pressure on the lake resources.

Trade facilitation and improved environmental management should have favoured the marine fishery as well and its increase in exports, benefiting mainly the artisanal fishers, who are responsible for most of such increase. Such logical suppositions, however, are not supported by specific studies on the social and economic impact of the increase in marine fishery exports.

With respect to the agriculture, it is much more difficult to identify the impact that the conservation measures have had on the actual production and incomes of the poor. Data on regional agricultural exports (UNCTAD) show a strong increase in food exports, which have kept a substantially positive balance in the food sector trade, despite the huge increase in the population. The team, however, could not acquire the data necessary to analyse the impact of such growth on the small farmers and the rural population, as well as on consumers' prices and urban poor.

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<sup>79</sup> Source: Lake Victoria Fishery Organisation Statistics.

The cooperation between coastal management initiatives (7<sup>th</sup> and 9<sup>th</sup> EDF) and the marine protected areas in the IO region (France/WWF funding) enhanced the economic value of biodiversity and the benefits for tourism and for the environmental education of the populations relying on these resources. The involvement of private sector operators (hotels, diving centres) in monitoring the health of coral reefs has led to reduction of sources of pollution and degradation especially when combined with water and sanitation investments funded by other sources (e.g. NIPs in Mauritius and Comoros). The team has no information on the impact that such changes have had on the actual tourism flows, though according to the UNWTO, the trends in tourism for the region have improved in the last decade. The region is the third in terms of attractiveness at continental level, and tourist flows have registered increases much above the world average, keeping Kenya, Mauritius, Tanzania, and Madagascar among the continental leaders in tourist business.

Finally, while disputes over access on Lake Victoria's national waters decreased due to countries dialogue and involvement of stakeholders in law enforcement, recriminations still occur in the Indian Ocean EEZ and should be addressed through delimitation of boundaries and policy dialogue, given the overlapping role of France as a EU fishing country and IOC member.

***JC 8.6 - The outcomes of the EC regional programme have contributed to the change in the economic growth indicators mentioned above***

The response to such judgement criterium has been already provided in previous sections of the report and little can be added, considering the scope and the resources of the present evaluation.

**Figure 10: Merchandise trade as % GDP<sup>80</sup>**



Trade, which has been the main driver of the economic growth of the region in the last decade, could have not grown at such a pace without the significant improvements registered in the areas of trade regulation and transport. This is especially true of the growth of intra-regional trade. The latter, though underscored for the weight of unregistered flows, has grown significantly. It relies – much more than the big consolidated international commodity flows – on the intraregional networks, their effectiveness and efficiency.

Source: World Development Indicators.

While the data are insufficient and the analysis carried out is very general, it is possible to formulate a broad conclusion on the positive role played by the improved regulations and transport corridors, and the reduction of tariffs and barriers. Such a conclusion does not overlook the enormous work that remains to be done to expand and consolidate such achievements. In particular the status of infrastructure and its competitiveness should be addressed, with particular reference to hard investment, maintenance and management.

On the NRM side, it is important to note the estimated contribution to economic growth and increase of exports of sectors strictly linked to NRM, e.g. fisheries in both the Indian Ocean and Lake Victoria. The advanced stage of the NRM cooperation is mainly due to the awareness of the economic actors involved of the need to link the expansion of the fishery sector to sound regional management of the related resources. EC programmes have interpreted such needs and have contributed to the economic growth of the sector. There has been a significant increase in food

<sup>80</sup> World Bank – World Development Indicators, 2008.

exports as well, though it is more difficult to identify the linkages between such increase and any NRM process supported by the EC programme.

Increased peace affects economic growth positively. The reverse is also true. Though it is not possible to draw direct correlations between EC and EU related CPRM activities and economic indicators, it is possible to say that direct efforts to support peace by the EC/EU certainly impacted positively on structural economic factors, although it should be noted that the specific contribution of the EC's regional programme (as opposed to other non regional programmes) is not particularly significant. On the other hand, it is not possible to say in which way the lack of conflict sensitivity of the sectoral regional programmes has produced, or not, the seeds of future violence and fragility.

***JC 8.7 - According to the intentions of the RSPs, there are links between economic growth and longer term poverty reduction***

A global response to such JC stands beyond the limits of the present study. Only partial insights may be highlighted according to some specific findings and various considerations mainly based on theory.

**RSP's intended impacts.** The overall EC response strategy outlined in the 9<sup>th</sup> EDF RSP/RIP aims at addressing “the issue of poverty reduction through achieving higher levels of economic integration while taking into consideration the complex inter-linkages between poverty and environment” (§114). It is further stated that “for sustainable poverty reduction to take place there is a need to have sustainable economic growth at levels which allow increased capitalisation and infrastructural development to take place” (§67) and that “countries in the region accept that poverty reduction depends upon achieving levels of economic growth of 6% or more per annum” (§ 75). Looking at specific sectors, and as anticipated in section 3.4, the analysis of the 8<sup>th</sup> and 9<sup>th</sup> EDF strategies and of related interventions, shows that the sectors supported have largely been continued from the 8<sup>th</sup> EDF into the 9<sup>th</sup> EDF for the ESA-IO Region with almost identical intended effects (see effects diagram on page 15). The following table reminds in a simplified manner how support to each focal sector was expected to contribute to the attainment of the overall objective.

**Regional Economic Integration and Trade**

*Inputs*<sup>81</sup>: Support to RIOs to enhance regional and international trade liberalisation and competitiveness and integration of regional markets (through the improvement of negotiating capacities, capacity to formulate trade policies and easing of budgetary constraints) →

*Outputs*: RIOs strengthen the institutional and regulatory framework for regional liberalisation and economic integration and participate in regional Free Trade Areas and/or Custom Unions →

*Outcomes*: more competitive intra-regional market and increased competitiveness in the international market →

*Medium-term impact*: increased regional economic integration and exchanges with the rest of the world →

*Longer-term impact*: sustainable regional development / poverty reduction.

**Natural Resources Management**

*Inputs*: Support to RIOs to improve management of common natural resources (support to the development of common strategies, tools and networks) →

*Outputs*: RIOs strengthen policies, agreements and plans for coordinated management of common natural resources →

*Outcomes*: improved management (including both productivity and protection) of natural resources →

*Medium-term impact*: increased attractiveness of the region in terms of natural resources / increased competitiveness of the economic activities based on natural resources →

*Longer-term impact*: sustainable regional development / poverty reduction.

<sup>81</sup> Inputs under each component typically include: technical and institutional support, policy dialogue, financial support:

### **Transport and Communications**

*Inputs:* Support to RIOs to increase competitiveness of regional transport and telecommunication networks →

*Outputs:* RIOs strengthen the planning and management systems for regional transport & telecommunication networks (development of a regional master plan, harmonisation of regulations and licences, ...) →

*Outcomes:* Reduced transport and telecommunication costs →

*Medium-term impact:* increased regional economic integration and exchanges with the rest of the world →

*Longer-term impact:* sustainable regional development / poverty reduction.

### **Conflict Prevention, Resolution and Management**

*Inputs:* Support to RIOs to strengthen their capacity in CPRM →

*Outputs:* RIOs are enabled to promote and implement programmes/instruments for CPRM →

*Outcomes:* More effective CPRM initiatives in place →

*Medium-term impact:* increased attractiveness of the region in terms of security →

*Longer-term impact:* sustainable regional development / poverty reduction.

**The achievements assessed so far.** Previous sections of the report indicate that significant achievements have been registered; these can be summarised as follows:

- **Regional integration and trade:** 1/ the Programme has strongly supported the EPA process and has helped implementing trade liberalisation and market integration, including the promotion of CUs all over the region (see EQ 4); 2/ although at a general level, it is possible to conclude that improved trade regulations and the reduction of tariff barriers have had a positive impact on the growth rates registered in terms of trade volumes and values, even more so in the case of intra-regional trade (JC 8.6).
- **Transport and Communications:** 1/ the EC is contributing to the establishment of T&C sector planning, regulatory and management systems, and to the advancement in national and regional convergence (EQ 5); 2/ again, although at a general level, it is possible to conclude that improved transport regulations and corridors have contributed to the reduction of VOCs, passenger fares and freight costs (JC 8.4) and to increased trade (JC 8.6)
- **Natural Resources Management:** 1/ the Programme has played a leading role in supporting regional NRM cooperation favouring the empowerment of RIOs and improving coordination with and between development partners (EQ 6), and 2/ combined EC support has contributed to improve access of lake fish products to local, regional and international markets in a sustainable manner and has contributed to an increase of exports in sectors related to NRM; and EC supported projects have had a positive impact in promoting the sustainable management of the Lake Victoria fish resources (JC 8.5 & JC 8.6).
- **Conflict Prevention, Resolution and Management:** of the four focus areas this is the one 1/ where the EC - despite its huge value added - has been unable to fully develop its strategic potential (EQ 7), and 2/ where although the efforts to support peace by the EC/EU have had a positive impact on structural economic factors, the specific contribution of the EC's regional programme is negligible (EQ 8.6).

Among the positive achievements it should be noted that trade – the main indicator of regional integration - has grown faster than GDP (exports have grown at a rate of 7.2% per year while GDP has grown at a rate of 6.5% per year<sup>82</sup>).

**The impact on poverty reduction.** The growth rates attained in the region in the last decade, driven by the growth in trade, for their dimension should be able to produce a positive impact on

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<sup>82</sup> These figures exclude the two big oil exporters (Sudan and Angola) and other countries for which no reliable continuous data has been found. GDP data are from World Development Indicators and export data are from UNCTAD. Full data are presented in Annex 7, tables 7.17 & 7.18 under JC 8.1.

poverty reduction<sup>83</sup>, although the time needed to generate a stable progress in the livelihood is longer than just a decade.

In fact, despite the generally improved growth performance, which is approaching the 7% MDG target growth rate required for a significant reduction of poverty levels, there remain considerable differences in living standards between countries as well as a certain degree of volatility in the last three years. Overall, performance in terms of MDGs is fairly disappointing (as all over Africa). Nevertheless, data retrieved shows some improvements (though not always consistently across indicators) for the whole set of MDGs<sup>84</sup>:

- MDG 1 - Poverty. The proportion of the population below the minimum level of dietary energy consumption decreased from 42.21% in 1996 to 38.68% in 2005.
- MDG 2 – Education. ‘the net enrolment ratio in primary education’ and the ‘proportion of pupils starting grade 1 who reach grade 5’ increased, respectively from 51.72% to 79.57%, and from 56.55% to 62.75%.
- MDG 3 – Women. Gender equality and women empowerment indicators are improving.
- MDG 4 – Child mortality. Under-5 mortality rate (per 1,000 live births) decreased from 143.40 in 1996 to 131.75 in 2005, and infant mortality rate (per 1,000 live births), which was 89.05 in 1996, dropped to 82.20 in 2005.
- MDG 5 – Maternal health. The maternal mortality ratio is still rather high (837.58, per 100,000 live births), but progress has been recorded in terms of births attended by skilled health personnel, which grew from 45.83 % to 46.74 %.
- MDG 6 – Disease. While HIV prevalence has been slightly decreasing over the period considered, other diseases have worsened.
- MDG 7 – Environment. Progress has been achieved in terms of access to improved sanitation and improved water sources, for which values have increased respectively from 33.81 to 41.95, and from 58.00 to 65.24. On the other hand outcomes in terms of energy and natural resources conservation and protection seem rather disappointing.
- MDG 8 – Development. Specific development indicators have already been addressed in other sections.

**The correlation between actual achievements and poverty reduction.** The EC programme implementation has favoured trade growth and productivity growth in some natural resource related sectors and in other areas. Trade growth has been the main driver of economic growth in the region, and the sectors (fisheries, tourism, transport, finance) that have benefited of the direct and indirect support of the EC programme have played an important role in the economic growth process. Therefore the programme has contributed to economic growth.

To what extent such economic growth has contributed to poverty reduction is a question that goes beyond the scope and the resources of the present evaluation. First, it is too early to identify a visible change in the regional poverty dimension as a consequence of less than ten years of sustained economic growth. Second, more complex and costly investigations should be carried out to identify the poverty impact of the actual economic growth occurred in some sectors. Here it is possible to develop several hypotheses based on the theory, such as:

- the economic growth of 6% must have generated employment in the most dynamic sectors: transport, trade and financial services, tourism, and others;

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<sup>83</sup> Cfr: §67 & 75 of the RSP “for sustainable poverty reduction to take place there is a need to have sustainable economic growth at levels which allow increased capitalisation and infrastructural development to take place”, estimated for the region at 6% or more (§67 & 75 of the RSP).

<sup>84</sup> A summary table indicating changes in the MDGs in the ESA-IO region in the period 1996-2005 is presented in Annex 7 under Indicator 8.7.1, while the full list of data relating to the MDGs retrieved for all ESA-IO member states is presented in Volume 2, Annex 7, tables 20- 42).

- the trade growth in fisheries and food shows an increased competitiveness of the regional supply chains, which rely on a majority of smallholders. Such smallholders must have benefited in terms of income from the increased competitiveness of their product.

It is not possible to develop any hypothesis, instead, on the alleviation of non-income poverty, though the governments' finance has certainly benefited of the economic growth and governments' expenditure capacity should have increased. But the study didn't acquire any data on the quality of the public expenditure. The same applies to the empowerment of the poor.

## **5 OVERALL ASSESSMENT AND CONCLUSIONS**

### **5.1 OVERALL ASSESSMENT**

The 8<sup>th</sup> and 9<sup>th</sup> EDF ESA-IO regional programmes are relevant to the EC development strategies and to the main EC sectoral policies, especially trade. In general terms, they are also relevant to the AU and RIOs strategies for regional integration in Africa.

It is the most important external support programme to the regional integration process in the sub-region and its contribution is vital for the subsistence of most RIOs and the development, coordination and implementation of their programmes. Through this programme, the EC is playing a leading role in supporting regional integration. Such role corresponds to its specific value added, namely for its know-how in regional integration, its mandate on trade policies, its capacity to coordinate the EU member states and its level of global international player.

On the other hand, the programme embedded an idea of extended ESA-IO region, including COMESA based support and coordination mechanisms and joint programmes or joint programme implementation by the different RIOs involved, which does not fit unambiguously the AU and RIOs' strategy for regional integration. The latter is based on the "rationalisation of the regional integration process", including the strengthening of each individual RIO and the support to their harmonisation.

The weak focus on individual RIOs has been also emphasised by the initial phases of the EPA negotiations, which seemed to open towards new regional aggregations and national options, that might jeopardise the regional commitments of the different member states. By the end of the process, the RIOs' dimension seems to have prevailed.

The shift toward the use of the contribution agreements under the 9<sup>th</sup> EDF has greatly increased the efficiency of the implementation and the ownership of the beneficiary RIOs. Such shift, however, has emphasised the problem of the institutional capacity of the potential beneficiaries.

At sectoral level:

- RI&T - COMESA and EAC have made significant progresses in putting in place policies and plans for regional integration, design and negotiation of regional integration and EPAs.
- T&C – Integrated sector programmes and policies have advanced (SSATP, TCSPIP), though they are not sufficiently matched by the financial engineering and programming for adequate resources to be available and national implementation.
- NRM – The ESA-IO NRM strategy has contributed to significant policy achievements, coordinated management and the integration of long-term environment concerns in economic development.
- CPRM – Relevance of CPRM programmes is good, but coherence with broader pan-African strategies is unclear. EC sectoral capacity is low, though the EC value added could be very high.

The ESA-IO programme has contributed to the creation of a positive framework of regional integration and cooperation for the development of both trade and natural resource based economic activities, which have been significant in the last decade, at regional level. National implementation and investment in infrastructure are still lagging behind, though the programme



has largely contributed to the actual implementation of the EPAs, and to the establishment of the CUs (namely EAC, but also COMESA minus), which should provide the basis for further developments in the near future.

## 5.2 CONCLUSIONS

This section summarises the conclusions introduced in the previous sections. They are clustered in eight groups, along the lines of the evaluation questions. Conclusions are followed by an indication of:

- where the conclusion stems from by indicating the related EQ(s) or JC;
- the level of priority given to the conclusion ranging from high (1) to low (3), reflecting the current views of the evaluation team on the potential to derive useful recommendations or lessons;
- the strength of the conclusion ranging from normal (1) to limited (3).
- the related recommendation if any.

Conclusions are also presented in a summarised table format at the end of the section. It is important to note that the tables at the end of the section recall and summarise the conclusion according to their level of priority.

### CLUSTER 1: STRATEGY AND GLOBAL ARCHITECTURE OF THE ESA-IO PROGRAMME

**1. The 8<sup>th</sup> and 9<sup>th</sup> EDF ESA-IO regional strategies are relevant to the overall EC development strategies and – to a large extent - coherent with the main EC sectoral policies. They are also relevant to the AU and RIOs strategies and represent the stronger external support they receive. The global architecture of the ESA-IO programme, however, does not fit unambiguously the AU strategy for regional integration, which is based on the rationalisation and strengthening of the role of the individual RIOs and their harmonisation. The implementation of the ESA-IO RIP has emphasised joint rather than harmonised programmes among the RIOs. COMESA's, ownership of the EC regional strategy has progressively increased thank to the use of the contribution agreements, which have proven to be an appropriate financing instrument. [Priority: 1]**

- 1.1 The 8<sup>th</sup> and 9<sup>th</sup> EDF ESA-IO regional strategies are relevant to the overall EC development strategies and – to a large extent - coherent with the main EC sectoral policies.** The changes introduced with the 9<sup>th</sup> EDF in terms both of overall objective and of change from functional to policy support demonstrate a strong degree of alignment with the EU development policy and the Millennium Development Goals - which place poverty eradication at the top of the agenda - and with the Cotonou Agreement that emphasises the need to build on the regional integration initiatives of the ACP States to promote economic and trade cooperation. [EQ: 1 - Priority: 1 - Strength: 1 - R: 1.1]
- 1.2 The global architecture of the ESA-IO programme does not fit unambiguously the AU strategy for regional integration,** as stressed in the AU policy for “rationalisation of the Regional Integration process”. The AU focuses on the existing RIOs<sup>85</sup> to strengthen their specific priorities, while addressing the issues of harmonisation and overlapping membership and programmes. The ESA-IO programme and its mechanisms, as established by the 9<sup>th</sup> EDF, are perceived as an attempt to promote a new sub-regional dimension for regional integration and cooperation. Several factors, in particular, contribute to the risk that the RIOs are bypassed and that their specific priorities and roles are jeopardised:
- the weak role of the RIOs *vis-à-vis* the individual countries in the EPA process;

<sup>85</sup> AU, *Resolution on the Rationalisation and the Harmonisation of the Regional Economic Communities*, 2006

- the unclear division of labour and sharing of leadership between the different RIOs of the region;
- the delays in the attainment of CA compliance status by RIOs other than COMESA and the related delays in the extension of the RISP to other RIOs, most notably EAC;
- the nature of the RISM, which will be run by COMESA with the individual governments;
- last but not least, the practical reference to a not-existing status of *ESA-IO member states* [EQ: 1 - Priority: 1 - Strength : 1 - R: 1.1]

- 1.3 **RIOs', and especially COMESA's, ownership of the EC regional strategy has progressively increased** under the 9<sup>th</sup> EDF with the shift towards policy support and the move towards the signing of contribution agreements. There is one important exception, IGAD, which feels both unrepresented and excluded from the main ESA-IO integration process. From a more operational point of view, the financial assistance provided by the EC under the RIP has strongly contributed to the implementation of programmes that are highly relevant to the RIOs strategies. [EQ: 2 - Priority: 1 - Strength : 1 - R: 1.1]
- 1.4 Despite the enabling environment provided by the establishment of the IRCC as a coordination mechanism, **the implementation of the ESA-IO RIP has emphasised joint rather than harmonised programmes**. The IRCC has had a positive role in coordinating the actions and distributing the ESA-IO resources among the different RIOs, in accordance with shared plans. Support to individual RIOs for RI policies definition, implementation and harmonisation, however, was not considered a priority. In this framework, RIOs other than COMESA, although to varying extents, believe that their priorities and problems have not been adequately taken into account, giving rise to concerns and a wish for their own RSP/RIP. [EQ: 2 - Priority: 1 - Strength: 1 - R: 1.2]

## CLUSTER 2: COORDINATION, COMPLEMENTARITY AND EC VALUE ADDED

**2. Regional and national programmes are substantially coherent and provide a strong basis for complementarity that is however not supported by explicit linkages between the regional and national levels. Actual coordination remains weak. Coordination between ESA-IO and SADC at programme and project level lags behind. Complementarity between the EC and EU MSs is relatively evident although limited in scale. In general terms, the EC value added is high, given the EC know how in regional integration and its specific mandate on trade, but it could be higher, especially in areas such as CPRM and infrastructure development where EC leadership could play an important strategic and operational role.** [Priority: 2]

- 2.1 **Under-resourced Delegations and lack of structured dialogue mechanisms** between Delegations with regional responsibilities, and between these and both EC HQ and Delegations with national competencies, have prevented the EC from reaping the full benefits for improved coordination offered by the IRCC institutional set-up and from playing an increased role in the strengthening of coordinated policy dialogue with the RIOs and with RIO MSs. [EQ: 2 - Priority: 1 - Strength : 2 - R: 2.1, 2.2]
- 2.2 **Despite substantial coherence between regional and national programmes** and the adoption under the 9<sup>th</sup> EDF of measures to improve coordination and consistency between the two levels, **actual complementarity and especially coordination remain weak**. This is particularly evident with reference to regional integration where, while the NIPs have not been incoherent with the RIP, they have nonetheless done little to support the RI process. Lack of a joint monitoring system at RIO level, low communication levels between EC Delegations with national and regional responsibilities, and RIO MSs' perception that national and regional interests are not necessarily complementary and are often managed at different levels, are all contributing factors. [EQ: 3 - Priority: 1 - Strength : 2 - R: 2.3]

- 2.3 **Whereas ESA-IO and SADC RSPs/RIPs show some degree of harmonisation at strategic level, coordination at programme and project level lags behind.** Strong **complementarity** and coordination in the implementation of programmes is nevertheless registered in the NRM area (e.g. between IOC and SADC on the control and surveillance of fishing operations) and shows that harmonisation between two RIOs based on the enhancement of their respective interests may give better results than a 'top-down' coordination mechanism. Recent efforts to revitalise the Tripartite mechanism (and the scaling up of the level of political commitment through the forthcoming Ministerial level meeting) are expected to lead – among other things - to the progressive harmonisation of custom unions by allowing more detailed work at technical level. [EQ: 3 - Priority: 1 - Strength : 2 - R: 1.2]
- 2.4 **Complementarity between the EC and EU MSs is relatively evident although limited in scale.** Improved coordination, complementarity and harmonisation (among both EU MS and other international partners) is mainly linked to the operationalisation of funds established at RIO level that increase alignment of donors' contribution with RIOs' strategies and programmes (e.g. EAC Partnership Fund and COMESA Fund) rather than to recent donor-led efforts to increase dialogue and coordination between MS. In both cases, the EC has played – and is playing - a determining role. [EQ: 3 - Priority: 1 - Strength : 2 – R: 5A]
- 2.5 The EC has a strong comparative advantage at regional level that builds on its regional know-how, on the importance of its regional programme envelopes (few MS have regional strategies in place), on its experience in the T&C sector and on its strong institutional mandate on trade issues. Nevertheless, because of organisational and staffing impediments, **not all the potential for EC value added is fulfilled.** [EQ: 3 - Priority: 1 - Strength : 1 – R: 2.2]

### CLUSTER 3: EFFICIENCY

**3. Aid delivery efficiency has significantly improved with the introduction of contribution agreements (at COMESA level), though the capacities needed by RIOs to enhance their eligibility for CA are not yet adequately addressed. In general, there are still widely perceived problems with current EDF financing mechanisms and procedures. [Priority: 2]**

- 3.1 **There are widely perceived problems with current EDF financing mechanisms and procedures,** which are variously described as time-consuming, user-unfriendly, bureaucratic, changeable, inconsistent and, in some cases, an actual impediment to programme implementation. Whether these problems arise from the regulations and procedures themselves, by their application by uninformed persons, or both, the outcome is the same – a perception of the EC as an important but problematic partner from this point of view. This issue is particularly important: (i) for RIOs with their own capacity problems and lack of familiarity with such procedures; (ii) where reactivity and flexibility are required, e.g. CPRM operational activities (peace support operations), and conflict prevention activities which require rapid reaction rather than large sums of money. [JC 5.4, JC 6.5, JC 7.1 & 7.4 - Priority: 2 - Strength : 1 – R: 3, 7.3]
- 3.2 **Aid delivery efficiency has significantly improved with the introduction of contribution agreements.** To date, however, only COMESA has signed contribution agreements. The completed and on-going institutional and management adjustments undertaken by RIOs to become eligible proved to be a stimulus for a more effective, accountable and visible role of RIOs in regional integration and cooperation scenarios. [JC 4.1, 6.5 - Priority: 1 - Strength : 1 – R: 1.1, 3]

#### CLUSTER 4: REGIONAL INTEGRATION AND TRADE

**4. RIOs, especially COMESA and EAC, have made significant progress in putting in place policies and plans for regional trade liberalisation and economic integration, and their capacity to negotiate regional integration and EPAs has greatly benefited from the RI programmes of the 8<sup>th</sup> and 9<sup>th</sup> EDF. COMESA, in particular, has made greater progress in those areas that had been prioritised in its agenda. [Priority: 2]**

- 4.1 **RIOs, especially COMESA and EAC, have made significant progress in putting in place policies and plans for regional trade liberalisation and economic integration** and in this they have been supported by the EC. In particular, EAC's and COMESA's capacity to negotiate regional integration and EPAs has greatly benefited from the RI programmes of the 8<sup>th</sup> and 9<sup>th</sup> EDF. However progress in terms of coordination of activities of the RIOs, though visible, remains somewhat limited, while the EAC EPA has highlighted the internal contradictions of the ESA-IO configuration whereby the widening of the ESA FTA and the merging of the EAC and COMESA-minus CU may appear less feasible now. Pursuing regional integration at the overall ESA-IO level while moving towards the AU/NEPAD goals, requires an effective harmonisation process that involves the different RIOs (both within and outside the ESA-IO configuration) without jeopardising their specific mission and identity. [EQ 1, JC 4.1, 4.2 - Priority: 1 - Strength : 1 - R: 1.2]
- 4.2 The overall architecture of the ESA-IO RSP has led to **greater progress in a number of areas that had been prioritised in the RIOs' agenda, in particular by COMESA.** Significant achievements have been registered in terms of removal of tariff barriers, and progress is expected in the areas of standards, SPS and other non-tariff barriers. On the other hand, little has been done to establish the necessary legal framework (laws and justice institutions) for the functioning of the CU and in terms of monetary and fiscal harmonisation, as the COMESA road map does not prioritise these areas. [EQ 1, 2, JC 4.2 - Priority: 2 - Strength : 1 - R: 4]

#### CLUSTER 5: TRANSPORT AND COMMUNICATIONS

**5A. There are significant moves towards integrated sector programmes and policies (e.g. SSATP, TCSPIP). These however are not matched by the financial engineering and programming for commensurate resources to be available. [Priority: 1]**

**Moves towards integrated sector programmes and policies (e.g. SSATP, TCSPIP) are not matched by the financial engineering and programming for commensurate resources to be available.** Regional infrastructure represents one of the major bottlenecks to trade and growth in the region and there is a risk of imbalance between capacity-building and support to regional investment in infrastructure. The ESA-IO priorities rightly focus on improving policies, plans and management capacity. Little is done, however, on investment facilitation and, if investment lags behind, it is not possible to establish a virtuous cycle between good policies, growth, further improvement in policies and further growth. On the other hand, capacity-building activities easily find a limit in the absorption capacity of the recipients, as shown by the delays in the RISP allocation, beyond its use to finance the EPA process. [EQ: 1 - Priority: 1 - Strength: 1 - R: 5A]

**5B. National political commitment toward the implementation of regional initiatives is limited and the organised participation of stakeholders and users at national and regional level remains low. [Priority: 2]**

- 5B.1 National interests continue to dominate T&C sector management, investment and service provision and **all wider regional and pan-African initiatives to date have faltered or**

**failed owing to limited national political commitment to the implementation of regional initiatives.** Prospects of increased funding at regional or pan-African levels (e.g. through the Infrastructure Financing Facility of the COMESA Fund or the EU-Africa Partnership for Infrastructure) could provide an incentive for MS to have greater interest in coordination and programming of extra-national initiatives. [JC 5.1 - Priority: 2 – Strength: 2 – R: 5A, 5B.2, 5B.3]

- 5B.2 There has been **little progress in integrating inter-modal transport at national and regional levels.** Progress is expected following identification by the EC (in connection with the EU-Africa Partnership for Infrastructure) of eight Trans-African Corridors that extend the concept from 'port to land-locked country' to 'coast to coast', with some sections of these corridors to be funded under the 10<sup>th</sup> EDF NIPs. Improved integration is not just desirable but unavoidable given increasing fuel prices, road traffic management issues and environmental considerations which will seriously threaten continuing increases of bulk movement by road. [JC 5.2 - Priority: 2 – Strength: 1 – R: 5B.3]
- 5B.3 **Regional dialogue between managers, sector institutions, service providers, funding agencies and users of T&C services remains low.** The condition of regional corridors and ICT infrastructure is improving and usage is increasing. That said, insufficient dialogue and involvement of stakeholders are identified as important constraints on the successful implementation of reforms, on increased participation by the private sector and on improvements in operational efficiency. [JC 5.3 - Priority: 2 – Strength: 1 – R: 5B.1]

## CLUSTER 6: NATURAL RESOURCES MANAGEMENT

**6. The EC NRM strategy in the ESA-IO region has contributed to the attainment of significant policy achievements, and regional cooperation in the NRM sector has contributed to strengthen RIOs' capacity. Enhanced knowledge and decision-making capacity among regional stakeholders has promoted integration of long term environmental concerns into socio-economic development. Coherence with EU internal policies (e.g. trade, fisheries and agriculture) has been duly addressed in both strategic and operational terms. [Priority: 3]**

- 6.1 **The EC NRM strategy in the ESA-IO region has contributed to strengthen RIOs' capacity and to the attainment of significant policy achievements.** The overall EC regional strategy in the NRM sector – in line with the AU-NEPAD process - has provided support to the preparation and implementation of development strategies and operational tools for more sustainable management of shared ecosystems, thereby raising increased consensus among participating countries and improved awareness of risks and conflict prevention among different stakeholders. In this framework, support provided under the regional cooperation strategy in the NRM sector has contributed to strengthen RIOs' capacity to develop and operationalise regional cooperation networks, to harmonise policy and legal frameworks and to involve and empower different stakeholders in the planning and implementation process including public authorities, final beneficiaries and non-State actors. [JC 1.3, 6.1, 6.2, 6.3 & 6.6 - Priority: 2 - Strength : 2 – R: 6.1, 6.2]
- 6.2 **Enhanced knowledge and decision-making capacity among regional stakeholders has promoted integration of long term environmental concerns into socio-economic development.** Improved policy frameworks and enhanced regional resource assessment and monitoring capacity have been progressively translated into operational guidelines and more decentralised management arrangements. This has favoured establishment of linkages between knowledge systems and decision-making processes, emergence of more integrated and long-term perspectives (e.g. from Lake Victoria fisheries to LV Basin approach) and improved



environmental integration in the socio-economic development of the target groups. This is likely to have a positive impact on peace and stability. [JC 6.4 - Priority: 3 - Strength: 2 – R: 6.2]

- 6.3 **Coherence with EU internal policies (e.g. trade, fisheries and agriculture) has been duly addressed in both strategic and operational terms** with the involvement of non-Development DGs within the EC (trade, fisheries) and the mobilisation of diversified and complementary financing instruments (e.g. sugar protocol, fish safety support). However, the limited capacity or commitment of recipient countries to follow and integrate the different agendas, and the lack of appropriate methodologies and dialogue platforms during the programming phase, limit the complementarity of regional strategies with country-level interventions (NIP). [EQs 1 & 3, JC 6.5 - Priority: 3 - Strength: 1 – R: 2.3]

#### CLUSTER 7: CONFLICT PREVENTION, RESOLUTION AND MANAGEMENT

**7. The CPRM approach is relevant to needs in the region. The coherence of the ESA-IO CPRM programmes vis à vis the country and continental EU initiatives, is questionable. Capacity to exercise CPRM mandates and activities in the region is improving, nevertheless the role played by the EC in building this capacity is limited. Although the EC has promoted the establishment of joint CPRM programming, coordination between RIOs remains low. The EC, despite its strategic scope to help establish and support CPRM strategies and build up capacity, is - at present - ill equipped to do so. [Priority: 1]**

- 7.1 **The CPRM approach is relevant to needs in the region.** However, despite EU and EC statements recalling the crucial importance of conflict prevention and regional approaches for conflict affected and fragile states, CPRM is neither a focal sector nor is it adequately streamlined in other sectors. **The coherence of the CPRM programmes, on the other hand, is questionable.** Although the EU has a clear partnership with the AU – involving capacity development of the AU Secretariat and ensuing pan-African programming and support to the APF – there seems to be no articulation between the approach to the AU and CPRM approaches to sub-regions (the RIOs in the ESA-IO) or sub-regional strategies (Horn of Africa). Policies directed towards the AU, and those directed toward RIOs seem to have developed in parallel, and do not seem to fit into a single articulated structure. It therefore appears that, in relation to CPRM, the RSPs/RIPs do not take sufficiently into account other EC and EU policies with external dimensions or other assistance instruments. [EQ: 1, 2, 7 - Priority: 1 - Strength : 1 – R: 7.1]
- 7.2 **Current practice still struggles to address conflict issues at the regional rather than the country level.** This is true for the EU/EC but also for other donors. The EC/EU, despite its strategic scope to help establish and support CPRM strategies and build up capacity, is - at present - ill equipped to do so. Conflict analysis is not systematically applied in regional sectoral programming and CSPs and NIPs are more conflict-sensitive than the RSPs and RIPs. At the same time, the regional dimensions of NIPs are not sufficiently emphasised, if at all; and all NIPs or sector-specific projects in one sub-region do not seem to be assessed together so as to provide a “sub-regional” picture of activities and how they work together. This low CPRM sensitivity means that the EC has not taken the minimum ‘do no harm’ approach it advocates. Lack of qualified personnel, and poorly reinforced incentive structures; lack of knowledge management and internal coordination systems, and lack of available training prevent the EC from fulfilling its potential for strong comparative advantage linked to the existence of relevant EU continental initiatives and facilities. Successful integration of conflict sensitivity in strategy and programme formulation and implementation requires CPRM capacity at HQ, country and regional levels to be strengthened. If cutting-edge thinking on CPRM issues and results can be fostered through a forum for reflection, dialogue and debate on emerging CPRM issues, the quality of policy and practice is likely to increase. [EQ: 1, 2, 3, 7 - Priority: 1 - Strength: 2 – R 7.1, 7.2]

- 7.3 Capacity to exercise CPRM mandates and activities in the region is improving. However, the role played by the EC in building this capacity is limited.** Although the EC has promoted the establishment of joint CPRM programming, coordination between RIOs remains low. EC-funded interventions aimed at building RIOs' capacity in the CPRM area are very recent and attempt to build the capacity of the RIOs in three separate and complementary sectors without including real coordination or cross-fertilisation mechanisms. [EQ: 7 - Priority: 1 - Strength: 1 - R: 7.2]

#### CLUSTER 8: IMPACT

**8. The increase in international and intra-regional trade that has allowed high rates of economic growth in the region – though driven by positive international circumstances - has been facilitated by improvements in the fields of trade liberalisation and regional integration, the strengthening of transport and communications networks, and the improvements in the management of natural resources at regional level (especially in relation to marine and inland fisheries), to which the ESA-IO programme has contributed. On the other hand, although instability and violent conflict have reduced across the region during the time period under evaluation, with beneficial effects on trade and economic growth, the contribution of the ESA-IO programme has not been significant. Overall, while it is possible to highlight a link between the support provided by the EC programme and the increase in trade and economic growth, the sustainability of economic growth in the region and its impact on poverty reduction cannot be assessed.** [Priority: 3]

- 8.1 The significant achievements over the period considered in terms of trade growth, in particular intra-regional growth, have been facilitated by improvements in trade and transport regulation, reduction of tariff barriers, and liberalisation and increased competitiveness of the regional networks. The evaluation has shown that the regional programme has *contributed* to such improvements, and thereby to the results in terms of trade growth. [EQ: 8 - Strength: 2]
- 8.2 Lake Victoria fishery production and exports have increased – in an improved framework of environmental management strongly supported by the regional programme – thereby contributing to the economy and the livelihoods of the area. [EQ: 8 - Strength: 2]
- 8.3 Instability and violent conflicts have reduced across the region during the time period under evaluation, thus contributing to peaceful economic development. The contribution of the programme has not been particularly significant, but other factors (AU, RIOs and local leaders' initiatives, trade and economic growth, local factors) have contributed. [EQ: 8 - Strength: 1]
- 8.4 It is impossible, so far, to establish a relation between the improvements in trade and economic growth and the weak positive changes in the process towards achievement of the MDGs. The relationship postulated by the theory needs long and stable periods of high economic growth before any verification is possible. [EQ: 8 - Strength: 1]

#### 5.3 LEVEL OF PRIORITY OF THE CONCLUSIONS

The tables below, present a quick overview of the conclusions presented in the preceding paragraphs and recall: i) their origin (where the conclusion stems from, by indicating the related EQ or JC; ii) their level of priority; iii) their strength; and iv) the related recommendation.

It should be noted that - unlike the detailed presentation of conclusions which follows the same structure of the main findings – the tables below present the conclusions according to their priority thereby highlighting the distinction between key conclusions (priority 1) and other conclusions (priority 2 or 3). This distinction allows to draw attention to those conclusions (priority 1) that – according to the views of the evaluation team – have a the higher potential to derive useful recommendations or lessons.

**Table 7: Summary of key conclusions: priority, origin and link with relevant recommendation(s)**

KEY CONCLUSIONS		PRIORITY & STRENGTH	ORIGIN	REC.
<b>CLUSTER 1: STRATEGY &amp; GLOBAL ARCHITECTURE OF THE ESA-IO PROGRAMME</b>				
<b>1. The EDF ESA-IO regional strategies are relevant to the overall EC development strategies and coherent with the main EC sectoral policies. However, despite being relevant to the AU and RIOs strategies, the global architecture of the ESA-IO programme does not fit unambiguously the AU strategy for regional integration based on the rationalisation and strengthening of the role of the individual RIOs and their harmonisation. [Priority: 1]</b>				
1.1	The 8 <sup>th</sup> and 9 <sup>th</sup> EDF ESA-IO regional strategies are relevant to the overall EC development strategies and – to a large extent - coherent with the main EC sectoral policies	P: 1 - S: 1	EQ 1	R 1.1
1.2	The global architecture of the ESA-IO programme does not fit unambiguously the AU strategy for regional integration	P: 1 - S: 1	EQ 1	R 1.1
1.3	RIOs', and especially COMESA's, ownership of the EC regional strategy has progressively increased	P: 1 - S: 1	EQ 2	R 1.1
1.4	The implementation of the ESA-IO RIP has emphasised joint rather than harmonised programmes	P: 1 - S: 1	EQ 2	R 1.2
<b>CLUSTER 5: TRANSPORT AND COMMUNICATIONS</b>				
<b>5A. Moves towards integrated sector programmes and policies (e.g. SSATP, TCSPIP) are not sufficiently matched by the financial engineering and programming needed to make commensurate resources available. [Priority: 1]</b>				
		P: 1 - S: 1	EQ 1	R 5A
<b>CLUSTER 7: CPRM</b>				
<b>7. Although the CPRM approach is relevant to needs in the region, the coherence of the ESA-IO CPRM programmes vis à vis the country and continental EU initiatives, is questionable. Current practice still struggles to address conflict issues at the regional level and the role played by the EC in building capacity to exercise CPRM mandates and activities in the region is limited. [Priority: 1]</b>				
7.1	The CPRM approach is relevant to needs in the region. The coherence of the CPRM programmes vis à vis the country and continental EU initiatives is questionable	P: 1 - S: 1	EQ 1, 2, 7	R 7.1
7.2	Current practice still struggles to address conflict issues at the regional rather than the country level and the EC/EU, despite its strategic scope to help establish and support CPRM strategies and build up capacity, is - at present - ill equipped to do so.	P: 1 - S: 2	EQ 1, 2, 3, 7	R 7.1, 7.2
7.3	Capacity to exercise CPRM mandates and activities in the region is improving. Role played by the EC in building this capacity and in promoting coordination between RIOs remains low.	P: 1 - S: 1	EQ 1, 7 & JC 2,3	R 7.2



**Table 8: Summary of other conclusions: priority & strength, origin and link with relevant recommendation(s)**

OTHER CONCLUSIONS		PRIORITY & STRENGTH	ORIGIN	REC.
<b>CLUSTER 2: COORDINATION, COMPLEMENTARITY AND EC VALUE ADDED</b>				
<b>2. The RSPs/RIPs present a substantial coherence with the national programmes and some degree of harmonisation with the SADC RSPs. In both cases however actual coordination at programme / project level remains weak. Complementarity between the EC and EU MSs is relatively evident although limited in scale. In general terms, the EC value added is high but could be higher especially in areas such as CPRM and infrastructure development. [Priority: 2]</b>				
2.1	Under-resourced delegations and lack of structured dialogue mechanisms	P: 1 - S: 2	EQ 2	R 2.1, 2.2
2.2	Despite substantial coherence between regional and national programmes, actual coordination remains weak	P: 1 - S: 2	EQ 3	R 2.3
2.3	Whereas ESA-IO and SADC RSPs/RIPs show some degree of harmonisation at strategic level, coordination at programme and project level lags behind	P: 1 - S: 2	EQ 3	R 1.2
2.4	Complementarity between the EC and EU MSs is relatively evident although limited in scale	P: 1 - S: 2	EQ 3	R 5A
2.5	Not all the potential for EC value added is fulfilled	P: 1 - S: 1	EQ 3	R 2.2
<b>CLUSTER 3: EFFICIENCY</b>				
<b>3. Aid delivery efficiency has significantly improved with the introduction of contribution agreements. Nevertheless, problems with current EDF financing mechanisms and procedures are widely perceived and the capacity building needs of RIOs to enhance their eligibility for CA are not yet adequately addressed. [Priority: 2]</b>				
3.1	There are widely perceived problems with current EDF financing mechanisms and procedures	P: 2 - S: 1	JC 5.4, 6.5, 7.1, 7.4	R 3, 7.3
3.2	Aid delivery efficiency has significantly improved with the introduction of contribution agreements	P: 1 - S: 1	JC 4.1, 6.5	R 1.1, 3
<b>CLUSTER 4: REGIONAL INTEGRATION AND TRADE</b>				
<b>4. EC support has played an instrumental role in increasing COMESA's and EAC's capacity to put in place policies and plans for regional trade liberalisation and economic integration, and to negotiate regional integration and EPAs. [Priority: 2]</b>				
4.1	RIOs, especially COMESA and EAC, have made significant progress in putting in place policies and plans for regional trade liberalisation and economic integration	P: 1 - S: 1	EQ 1, JC 4.1, 4.2	R 1.2
4.2	Greater progress in those areas that have been prioritised by the RIOs, above all COMESA	P: 2 - S: 1	EQ 1, 2, JC 4.2	R 4
<b>CLUSTER 5: TRANSPORT AND COMMUNICATIONS</b>				
<b>5B. National political commitment toward the implementation of regional initiatives is limited and the organised participation of stakeholders and users at national and regional level remains low. [Priority: 2]</b>				
5B. 1	All wider regional and pan-African initiatives to date have faltered or failed owing to limited national political commitment to the implementation of regional initiatives	P: 2 - S: 2	JC 5.1	R 5A, 5B.2, 5B.3
5B. 2	Little progress in integrating inter-modal transport at national and regional levels	P: 2 - S: 1	JC 5.2	R 5B.3
5B. 3	Regional dialogue between managers, sector institutions, service providers, funding agencies and users of T&C services remains low	P: 2 - S: 1	JC 5.3	R 5B.1

<b>CLUSTER 6: NATURAL RESOURCES MANAGEMENT</b>				
<b>6. The EC NRM strategy in the ESA-IO region has contributed to the attainment of significant policy achievements, and regional cooperation in the NRM sector has contributed to strengthen RIOs' capacity, to enhance knowledge and decision-making capacity among regional stakeholders and thereby to promote the integration of long term environmental concerns into socio-economic development. [Priority: 3]</b>				
6.1	The EC NRM strategy in the ESA-IO region has contributed to strengthen RIOs capacity and to the attainment of significant policy achievements	P: 2 - S: 2	JC 1.3, 6.1, 6.2, 6.3, 6.6	R 61, 6.2
6.2	Enhanced knowledge and decision making capacity among regional stakeholders has promoted the integration of long term environmental concerns in socio-economic development	P: 3 - S: 2	JC 6.4	R 6.2
6.3	Coherence with EU internal policies has been duly addressed in both strategic and operational terms	P: 3 - S: 1	EQ 1, 3; JC 6.5	R 2.3
<b>CLUSTER 8: IMPACT</b>				
<b>8. The increase in international and intra-regional trade that has allowed high rates of economic growth in the region has been facilitated by improvements in the fields of trade, regional integration, transport and communication networks, and natural resource management to which the ESA-IO programme has contributed. It is however impossible, so far, to assess the sustainability of economic growth in the region and its impact on poverty reduction [Priority: 3]</b>				
8.1	Achievements in terms of trade growth have been facilitated by improvements in trade and transport regulation, reduction of tariff barriers, and liberalisation and increased competitiveness of the regional networks; improvements to which the EC regional programme has contributed.	S: 2	EQ 8	-
8.2	Lake Victoria fishery production and exports have increased – in an improved framework of environmental management strongly supported by the regional programme – thereby contributing to the economy and the livelihoods of the area.	S: 2	EQ 8	-
8.3	Instability and violent conflicts have reduced across the region during the time period under evaluation, contribution of the programme has not been particularly significant.	S: 1	EQ 8	-
8.4	It is impossible, so far, to establish a relation between the improvements in trade and economic growth and the weak positive changes in the process towards achievement of the MDGs.	S: 1	EQ 8	-

## **6 RECOMMENDATIONS**

This section presents the recommendations that derive from the conclusions. Overall there are 8 main recommendations which correspond to the clusters of conclusions. In some cases, recommendations are then split-up in sub-recommendations thereby providing further details and options.

Recommendations are followed by indications of:

- where the recommendation stems from, by indicating the related conclusion(s);
- the level of priority given to the recommendation ranging from high (1) to low (3);
- the target group(s) of the recommendation. Each recommendation is targeted at one of the following levels (where joint action is recommended to ensure that adoption of the strategic or policy level recommendation is adequately backed up by the necessary mechanisms at operational level, the recommendation will be target two levels):
  - STR = EC Delegations and Headquarters Services in charge of strategic and programmatic issues;

- IMP = EC Delegations and Headquarters Services in charge of implementation;
- GUI = Headquarters Services providing technical and administrative support and guidance to Delegations.

Recommendations are also presented in a summarised table format at the end of the section. It is important to note that while the following paragraphs follow the structure of the conclusions, the tables at the end of the section recall and summarise the recommendations according to their priority thus highlighting those recommendations which - according to the evaluation team - should be addressed in the short to medium term.

## 6.1 KEY RECOMMENDATIONS

### CLUSTER 1: STRATEGY AND GLOBAL ARCHITECTURE OF THE ESA-IO PROGRAMME: RIOS OWNERSHIP AND HARMONISATION

**1. The 10<sup>th</sup> EDF should clearly stress that the general strategy will be based on strengthening the specific capacity of each RIO involved and on enhancing dialogue, cooperation and harmonisation between RIOS. [Priority: 1]**

**Individual RIOS should be recognised as warranting differentiated programmes and increased focus should be placed on capacity-building within the RIOS and on the provision of support to their own strategies through CAs**

Keeping the ESA-IO as a multi-regional programme in Eastern and Southern Africa makes sense if it aims at strengthening the identity and the specific strategic role of each RIO, while facilitating dialogue, cooperation and harmonisation between them. To do so, the focus should be on capacity-building within the RIOS and on the provision of support to their own strategies through CAs. It should be mentioned that this approach responds to the AU concerns for rationalisation of the regional integration process, and that the AU should be involved in identification of the priorities for capacity-building within RIOS and harmonisation between RIOS. In particular:

- RIOS' role and geo-economic dimension in the EPA process should be reinforced;
- RISP, although calibrated to respond to the actual capacities of each RIO, should be provided to all RIOS;
- RISM should be reviewed following the attainment of CA compliance status by EAC, and on the basis of the actual progress of the CUs and integration in each RIO. If there will be more than one CUs or a CU under the authority of a RIO other than COMESA, then a unique RISM at COMESA level cannot play the expected role. In addition, the issue of expanding the ends and destination of the RISM beyond revenue losses should be further discussed with the eligible RIOS;
- Additional assistance should be provided to the secretariats of RIOS other than COMESA to facilitate the attainment of the Contribution Agreement compliance status.
- Any reference to new regional groupings beyond the existing RIOS should be avoided, unless it results from explicit government decisions and agreements. [C: 1.1, 1.2, 1.3, 3.2 - Level: STR]

**Shared responsibilities among RIOS should be the consequence of inter-RIO agreements on cooperation and harmonisation, facilitated in this, by a stronger role of the IRCC**

Coordination bodies clearly mandated by RIOS such as the IRCC, mechanisms like the Tripartite Task for harmonisation, and other sectoral dialogue frameworks such as the CPP, should be enhanced and reviewed to ensure operational tools for coordinated and joint action in various priority areas.

Regarding IRCC, the new ToR (to be approved) partly recognise this need by expanding the mandate of the IRCC as a dialogue, coordination and harmonisation mechanism to include areas

such as political cooperation and aid coordination. A stronger role of the IRCC as a forum to discuss the harmonisation of policies and programmes would enhance RIOs' ownership and the degree of certainty about the coherence between the ESA-IO and their own strategies.

At the same time, short-term EC interventions should be increasingly undertaken through the Tripartite process that extends the ESA configuration to include SADC. A number of donors, including the EC, DFID and SIDA are participating in discussions to coordinate their assistance to the North-South Corridor which can be seen as part of the Tripartite process. These efforts should be scaled-up and forthcoming projects should be designed following the example of the "Tripartite Task Force Non-Tariff Barrier project". [C: 1.4, 2.3, 4.1, 7.3 - Priority: 1 - Level: STR/IMP]

## **CLUSTER 2: COORDINATION, COMPLEMENTARITY AND EC VALUE ADDED**

### **2. Improve EC internal coordination mechanisms and increase capacity at EC level to improve subsidiarity and ensure the full realisation of the EC's potential value added.**

**[Priority: 2]**

#### **2.1 Set-up of a structured arrangement – e.g. an ESA-IO coordination unit - to provide a formal counterpart to the IRCC and thereby improve dialogue as well as overall supervision of programme implementation.**

An arrangement to ensure a counterpart to the IRCC in the Commission, possibly at AidCo Headquarters, should be set up. This may be a sort of ESA-IO coordination unit, whose size and shape should be defined by AidCo, compatibly with its institutional and financial priorities. Such a coordination unit would be responsible for structured dialogue with the IRCC and specific EC Delegations with responsibilities for each RIO and should deal with the implementation of the overall programme to ensure a comprehensive and more objective view. [C: 2.1 - Level: STR/IMP]

#### **2.2 Increase capacity of EC Delegations to ensure the full realisation of the EC's potential value added**

The EC should reinforce its regional units to ensure full materialisation of its potential value added, namely in regional integration and trade. Specific capacities for policy dialogue and actions regarding the single RIOs should be located in the relevant Delegations: on the one hand the number of senior staff with regional responsibilities should be increased especially in those areas where regional work has become particularly significant (e.g. RI&T experts where the CUs / FTA are being implemented); on the other hand specialised expertise should be provided according to needs especially in those areas where the expertise in the Delegations is normally lacking (e.g. CPRM experts in most sub-regions) or to complement existing expertise in order to support the development of sector-specific strategies/programmes (e.g. TCSPIP and the articulation of clear inter-modal transport strategies which require extensive consultation processes).

[C: 2.1, 2.5 - Level: IMP]

#### **2.3 Improve coordination mechanisms between national and regional programmes to increase subsidiarity and ensure that the NIPs and the RIP are closely coordinated from the outset.**

Coordination mechanisms between national and regional programmes should be reinforced at the level of RIOs and at the level of Delegations to ensure that NIPs and RIPs are closely coordinated from the outset. The finalisation and negotiation of the 10<sup>th</sup> EDF RSP/RIP and the identification and formulation of future regional programmes should be accompanied by adequate subsidiarity assessment so as to favour dialogue and exchanges between regional and national authorities (RAOs-RIOs-NAOs) and the EC Delegations, and to identify or define the most appropriate intervention level as well as the most suitable financing and implementation modalities. (Part a).

RIOs should strengthen the monitoring of national implementation of the regional decisions through the existing sectoral committees, and instruments for warning those governments which are not complying with the engagements should be put in place. At the same time the EC should create a structured mechanism for adequate feedback from *all* concerned Delegations and not only those with regional responsibilities. With specific reference to regional integration, an effort should be made to encourage more commitment at national level for related issues through, for example, support for the training of economists in the national trade ministries. (Part b).

[C: 2.2, 6.3 - Level: STR (part a) & IMP (part b)]

### CLUSTER 3: EFFICIENCY

**3. The EC should provide increased practical training in use of EDF/EC procedures.**  
[Priority: 2]

In addition to the provision of increased support to RIOs' secretariats to facilitate the attainment of CA compliance status (see recommendation 1), the EC should provide increased practical training in use of EDF/EC procedures to all potential users at national, regional and pan-African levels (including Delegations).

[C: 3.1 - Level: GUI]

### CLUSTER 4: REGIONAL INTEGRATION AND TRADE

**4. CAs should be linked to results and improvements in the regional integration and harmonisation processes.**  
[Priority: 2]

The CAs should be linked to results and improvements in the regional integration and harmonisation processes, and should include a framework of priorities to ensure the sustainability of the regional integration process conceived and managed by the different RIOs. The forthcoming mid-term evaluation of the RISP CA could provide practical recommendations on this. At this stage, it is suggested that besides the priorities already stressed by COMESA and other RIOs, issues relating to the legal framework (laws and justice institutions) for the functioning of the CU; to monetary and fiscal harmonisation; to harmonisation or integration of standards and networks with other RIOs, clear priorities in terms of infrastructure projects, etc. should all be addressed, in terms of shared plans, advanced dialogue, or specific projects.

[C: 4.2 - Level: STR/IMP]

### CLUSTER 5: TRANSPORT AND COMMUNICATIONS

**5A. The EC should support the preparation of a strategy and programme that includes a credible match between objectives, prioritisation and funding of support programmes, and a significant share of the 10th EDF allocation should be allocated to infrastructure facilitation funds.**  
[Priority: 1]

The EC should support the preparation of a strategy and programme that includes a credible match between objectives and funding of support programmes, including the prioritisation of transport infrastructure at regional level. A significant share of the 10<sup>th</sup> EDF allocation, including part of the €650m destined to the economic sector and part of the additional funds that should derive from the Aid-for-Trade initiative(s), should be allocated to infrastructure facilitation funds. These funds would support implementation of the TCSPIP through the financing of: i) activities aimed at promoting political decisions and regional agreements on priority projects; ii) feasibility studies; iii) financial brokering; iv) supervision of works; etc. This would significantly contribute to the reduction of the transaction and preparatory costs of the investment and thereby act as a catalyser for the attraction of funds from development banks and the private sector. The infrastructure facilitation funds could also include a minimum percentage (e.g. up to 25%) to complement direct financing by the governments of urgent works on key regional projects (e.g. corridors). Such funds



could take different forms: they could either (i) be integrated in the RIOs' infrastructure funds (e.g. COMESA Infrastructure Fund), (ii) be integrated in mechanisms like RISM, or take the form of a multi-regional (ESA-IO-SADC) facility, or (iii) be included in the AU system and in the framework of the EU-Africa Partnership on Infrastructure.

Furthermore, the support to the preparation of such a strategy and the establishment of an infrastructure facilitation fund, by allocating increasing importance to joint funds for strengthening RIOs' autonomy and capacity, would increase alignment with each RIO's strategy and thereby also contribute to improved coordination and complementarity with EU MS and other major donors.

Although this evaluation is not the right place to enter into such details, it is recommended that access to such funding should be subject to conditionalities agreed by MS within regional and pan-African fora. [C: 2.4, 5.1, 5.2 - Level: STR]

**5B. Regular regional consultation mechanisms should be established to facilitate sector strategies and programmes including the articulation of inter-modal strategies.**

**[Priority: 2]**

**5B.1 Regular regional consultation mechanisms** (at RIO sub-regional level: e.g. transport corridors) should be established as a forum for invited T&C sector partners and stakeholders to discuss sector programmes. RIOs should establish a results-based M&E management system for the T&C sector interventions including feedback mechanisms for lesson-learning. TCSPIP would be an appropriate vehicle for the foregoing. [C: 5.4 - Level: IMP]

**5B.2** The EC should support proposals for the **NEPAD governance and peer review methodology** to be applied to national infrastructure development and ratification of international and regional protocols and agreements. [C: 5.2 - Level: STR]

**5B.3 Clear inter-modal strategies must be articulated.** EC should consider support for review and preparation of such strategies (including TCSPIP) at national and regional levels. TCSPIP preparation must include extensive, robust procedures for consultation with MS, RIOs, SADC, SSATP and AU/NEPAD regarding identification and prioritisation of proposed investments. The IRCC role during preparation and subsequently must be clearly defined. [C: 5.2, 5.3 - Level: IMP]

**CLUSTER 6: NATURAL RESOURCES MANAGEMENT**

**6. Positive policy and legal harmonisation results should be consolidated to enhance regional cooperation benefits and complementarity with national interventions. At the same time, lessons should be drawn out and success stories should be consolidated and expanded, through appropriate communication networks** **[Priority: 3]**

**6.1** The positive **policy and legal harmonisation results should be consolidated** especially in countries with poor governance and limited institutional or human capacity (e.g. Comoros, Somalia). This would enhance regional cooperation benefits and complementarity with national interventions, and favour enforcement and empowerment by national and local stakeholders. RIOs and regional networks should play a key role in this regard and the EC should consider strengthening political dialogue in regional fora. [C: 6.1 - Level: STR]

**6.2 Lessons should be drawn, and success stories consolidated and expanded,** through appropriate **communication networks**. In particular, the decentralised and value chain approach successfully applied in the Lake Victoria programmes could be replicated in other water basin management initiatives. Along the same lines, valuable achievements in promoting and activating regional cooperation networks should be strengthened and further integrated in the **regional and national information systems** and decision-making process, consolidating

the ongoing initiatives such as AMESD and supporting national compliance capacity and the impacts on final end-users (RIOs, NAO, EC Delegations). [C: 6.1, 6.2 - Level: IMP]

## CLUSTER 7: CONFLICT PREVENTION, RESOLUTION AND MANAGEMENT

**7. EC/EU approaches and priorities on CPRM at regional and sub-regional level should be clarified and better integrated, and CPRM capacity at HQ, country and regional level should be strengthened to ensure that conflict sensitivity is successfully integrated into strategy, and programme formulation and implementation. [Priority: 1]**

**7.1 EC/EU approaches and priorities on CPRM at regional and sub-regional level should be clarified and better integrated.** A two-fold approach is proposed:

- Clearly spell out how the AU-EU Partnership, the EC Horn of Africa strategy and any other peace and security partnerships or strategies articulate with each other;
- Establish a permanent mapping mechanism of all CPRM activities within the AU, the RIOs and the Delegations for a clear and up-to-date overview of activities in the ESA/IO region, including who is financing what.

[C: 7.1, 7.2 - Level: STR (first section) / IMP (second section)]

**7.2 Successful integration of conflict sensitivity in strategy, and programme formulation and implementation** requires CPRM capacity at HQ, country and regional levels to be strengthened. Cutting-edge thinking on CPRM issues and results should be fostered through a forum for reflection, dialogue and debate on emerging CPRM issues, so that policy and quality of practice. Such an approach should:

- provide clear guidance on what a regional approach to development is, and how conflict, peace, security and fragility are part of this;
- create a knowledge management network for CPRM across the EC/EU. An internal intranet could build up a community of practitioners virtually connected across regions. Such a system would allow staff to increase CPRM capacity via the network where they gain access to up-to-date information; pose queries; exchange information, lessons learned and ideas; better carry out joint activities; and promote closer linkages between HQ and the field. This method has been hugely successful at UNDP, which has 9,000 staff world-wide;
- provide CPRM and governance sensitivity training to staff designated to conflict-affected and fragile countries. "Virtual academies" have had much success in other big international aid institutions, and can be also shared with the AU Secretariat, RIOs Secretariats and MS.<sup>86</sup>

[C: 7.2, 7.3 - Level: GUI]

**7.3 The EC should consider the possibility of combining EDF funding with other alternative funding channels for CPRM-related regional issues** so that it is possible (a) to have a rapid and flexible approach for peace support operations; (b) to react quickly to particular situations (at regional and country levels) with smaller, reactive project finance amounts.

[C: 3.1 - Level: STR]

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<sup>86</sup> For example, the UNDP TTF Report 2003 states "As part of UNDPs' approach toward becoming a learning organization, BCPR redesigned the CPR module of UNDP's Virtual Development Academy. This Academy reaches out to approximately 360 staff members a year. In addition, 123 programme staff, 23 members of the Leadership Development Programme (LEAD) and 21 Resident Representatives benefited from training courses on CPR basics as part of induction courses organized by UNDP's Learning Center in 2003. Among other training material, a CD-Rom was developed offering an electronic library of key CPR documents as well as a training reader on CPR issues. A number of service line specific training courses were held, including on Small Arms and DDR, Natural Disasters, Mine Action, and Conflict Prevention."

## CLUSTER 8: IMPACT

- 8. Statistics on intra-regional markets, despite improvements also linked to the support to statistical services of the COMESA and EAC Secretariats provided through the RISP, remain weak and should be further improved by establishing *ad hoc* methodologies and networks. [Priority: 3]**

There are no specific recommendations under this cluster. Indeed, there is nothing to do directly (or to recommend) to improve the impact of the programme. Such impact depends both on the interactions between the actual outcomes of the programme in the various sectors, and the external context with its own factors.

A possible area for improvement is however identified in relation to the possibility of better measurement of the impact of the regional programme. This relates to statistics on intra-regional markets, which – despite improvements also linked to the support to statistical services of the COMESA and EAC Secretariats provided through the RISP – remain weak and should be further improved by establishing *ad hoc* methodologies and networks.

## 6.2 LEVEL OF PRIORITY OF THE RECOMMENDATIONS

Tables 9 & 10, present a quick overview of the recommendations presented in the preceding paragraphs and recall: i) their origin (where the recommendation stems from, by indicating the related conclusion(s); and ii) the level of the recommendation and thereby the relevant EC services to which it is targeted.

It should be noted that - unlike the detailed presentation of recommendations which follows the same structure of the conclusions – the tables below present the recommendations according to their priority thereby highlighting the distinction between key recommendations (priority 1) and additional recommendations (priority 2 or 3). This distinction allows to draw attention to those recommendations that, – in the team's view – should be addressed in the short to medium term and on a priority basis.

**Table 9: Summary of key recommendations: origin and link with relevant conclusion(s)**

KEY RECOMMENDATIONS	ORIGIN	LEVEL /TARGET <sup>87</sup>
<b>CLUSTER 1: STRATEGY &amp; GLOBAL ARCHITECTURE OF THE ESA-IO PROGRAMME</b>		
<b>1. The 10<sup>th</sup> EDF should clearly stress that the general strategy will be based on strengthening the specific capacity of each RIO involved and on enhancing dialogue, cooperation and harmonisation between RIOs. [PRIORITY 1]</b>		
1.1 Increase RIOs ownership by focusing on capacity building and on the provision of support to RIOs strategies	C 1.1, 1.2, 1.3, 3.2	STR
1.2 RIOs harmonisation and coordination: inter-RIO agreements and stronger role of the IRCC	C 1.4, 2.3, 4.1, 7.3	STR/IMP
<b>CLUSTER 5: TRANSPORT AND COMMUNICATIONS</b>		
<b>5A. The EC should support the preparation of a strategy and programme that includes a credible match between objectives, prioritisation and funding of support programmes, and a significant share of the 10<sup>th</sup> EDF allocation should be allocated to infrastructure facilitation funds. [PRIORITY 1]</b>		
	C 2.4, 5.1, 5.2	STR

Cont'd

<sup>87</sup> STR = EC Delegations and Headquarters Services in charge of strategic and programmatic issues; IMP = EC Delegations and Headquarters Services in charge of implementation; GUI = Headquarters Services providing technical and administrative support and guidance to Delegations.



<b>CLUSTER 7: CONFLICT PREVENTION, RESOLUTION AND MANAGEMENT</b>		
<b>7. EC/EU approaches and priorities on CPRM at regional and sub-regional level should be clarified, and CPRM capacity should be strengthened to ensure that conflict sensitivity is integrated into strategy, and programme formulation and implementation. [Priority 1]</b>		
7.1. EC/EU approaches and priorities on CPRM at regional and sub-regional level should be clarified and better integrated	C 7.1, 7.2	STR/IMP
7.2 Integration of conflict sensitivity in strategy, and programme formulation and implementation	C 7.2, 7.3	GUI
7.3 Combining EDF funding with other alternative funding channels for CPRM-related regional issues	C 3.1	STR

**Table 10: Summary of other recommendations: origin and link with relevant conclusion(s)**

<b>OTHER RECOMMENDATIONS</b>	<b>ORIGIN</b>	<b>LEVEL</b>
<b>2. Improve EC internal coordination mechanisms and increase capacity at EC level to improve subsidiarity and ensure the full realisation of the EC's potential value added. [Priority 2]</b>		
2.1 Set-up of a structured arrangement (e.g. an ESA-IO coordination unit)	C 2.1	STR/IMP
2.2 Increase capacity of Delegations for full realisation of EC value added	C 2.1, 2.5	IMP
2.3 Improve coordination mechanisms between national and regional programmes	C 2.2, 6.3	STR/IMP
<b>3. The EC should provide increased practical training in use of EDF/EC procedures [Priority: 2]</b>		
	C 3.1, 3.2	GUI
<b>4. CAs should be linked to results and improvements in the regional integration and harmonisation processes. [Priority: 2]</b>		
	C 4.2	STR/IMP
<b>5B. Regular regional consultation mechanisms should be established to facilitate sector strategies and programmes including the articulation of inter-modal strategies [Priority: 2]</b>		
5B.1 Establishment of regular consultation mechanisms	C 5.4	IMP
5B.2 NEPAD governance and peer review methodology	C 5.2	STR
5B.3 Articulation of inter-modal strategies	C 5.2, 5.3	IMP
<b>6. Positive policy and legal harmonisation results, as well as success stories should be consolidated. [Priority: 3]</b>		
6.1. Policy & legal harmonisation results should be consolidated	C 6.1	STR
6.2. Success stories expanded through communication networks & Regional and national information systems	C 6.1, 6.2	IMP
<b>8. Statistics on intra-regional markets should be further improved by establishing ad hoc methodologies and networks. [Priority: 3]</b>		