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An Evidence-based Monitoring System for an effective Aid for Trade

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A number of technical assistance instruments have been implemented by donors and the international community to assist the Least Developed Countries (LDCs) in strengthening their trade related capacities and in enhancing their trade performance. However, these targeted technical assistance programmes have yet to deliver the expected results of improving the standards of living of growing populations through improved trade performance in the LDCs. Many factors contribute to this disappointing outcome. In the context of Aid for Trade (AfT), it was recognised that "recent evaluations of Aid for Trade programmes highlight, in particular, the absence of a results-based design in most projects and the poor use of monitoring and evaluation tools" has led to sub-optimum utilisation for the valuable development resources (OECD, 2006).[1] The recent draft publication "Quality Standards for Development Evaluation"[2] by the Organisation for Economic Co-operation and Development (OECD) in 2010 is a dramatic step in the right direction yet it stops short of addressing fundamental governance challenges present in AfT programmes.

The need for management capacities

Developing capacity and strengthening management systems in partner countries are crucial to the implementation of the Paris Declaration. The Paris Declaration recognises that capacity building is essential to improve the results of development aid, as well as to achieve the objectives of ownership, aid alignment and mutual accountability.

However, the absence of strategic management tools in partner countries often causes inadequate project design and implementation, which can in turn lead to reactive donor-driven evaluation studies. The absence of management capacities means that evaluation often also fails to shed the light on what aspects of the project design missed the mark and how the process could be improved. It also discourages a culture of learning and continuous self-directed improvement and innovation. The partner country in the traditional scenario remains dependent on the goodwill as well as the steering of the donor country.

An evidence-based monitoring system can strengthen the capacities of Developing and Least Developed Countries to benefit from AfT programmes by supporting overall progress towards achieving the listed targets. It supports ownership of the implementation process by both donor and partner countries. Additionally, it could directly contribute to the attainment of the indicator focusing on *'Managing for Results'*[3] which aims to reduce by one third "the proportion of countries without transparent and monitorable performance assessment processes" by 2010.

The quality assurance principles of a sound monitoring system would be: a) state what will be done, b) follow through on that statement c) review what has been done, d) document all above actions. Once installed either within a country assistance programme or adopted by the aid management unit of the developing country, an effective monitoring system would provide transparent and continuous data for assessing and improving the performance of all parties (i.e. beneficiaries, donors, experts) throughout the AfT processes. In this context, an intelligent monitoring system could contribute to the achievement of the indicator by focusing on harmonisation, vertical alignment and on-going collection of process data (evidence) within the project domain.

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In order to realize tangible results under the AfT, the partner/beneficiary country must have the means to analyse domestic performance needs, document analysis, identify priorities, identify means of implementation and carry out knowledge management and organisational learning in real time. Partner countries also require a monitoring management system guaranteeing that investments made in AfT to develop organisational, institutional and societal capacities will generate effective results for

the countries. This can only be done through monitoring as an embedded process and building up a body of management information, not solely by evaluation as an activity at the end of the project.

A monitoring management system would enable partner country actors to assume full management responsibilities and to become accountable for the outcomes of the investments offered by donors in the context of the AfT Strategy or the Enhanced Integrated Framework (EIF) without the feeling of being overruled or misrepresented. At the same time, an effective monitoring system would provide the donor community with a richer information database for post-project evaluations thereby reducing imprecision in post-project evaluations.

Monitoring management systems

Monitoring is a systematic and continuous collection, analysis and use of management information to support decision-making throughout the life cycle of a project.

In other words, monitoring is an *internal* management responsibility. Partner countries should be allowed to take the lead and the responsibility in operating, maintaining and reviewing the AfT or EIF monitoring and evaluation system at the country level. The top management of the AfT/EIF process in the recipient country, for example, a National Steering committee (NSC) or a National Implementation Unit (NIU) should be responsible for making sure that the monitoring system is operated properly and for exercising quality control. Such a country monitoring system needs to be subjected to external audit on a regular basis by a third party in order to ensure its integrity.

Monitoring differs fundamentally from evaluation in that monitoring is an on-going management process allowing for in-project corrections and supports institutional learning; Evaluations are normally ex-post assessments of completed aid projects. The former offers information during a project's life span while the latter assesses results achieved against predefined objectives, thus generating information which is too late for corrective action if the project will not have a follow-on phase.

A *monitoring system* also differs from the traditional monitoring "inspection". While monitoring collects dynamic information and supports its intelligent use for problem solving by all key actors; inspection reviews (wrongly labelled as "monitoring") episodically evaluate events and/or outputs against contractual agreements at intervals. The on-going monitoring practice suggests that, AfT/EIF is more of the "inspection type" rather than on-going "monitoring".

In-country project cycle: five-stage process

A systematic and standardised project cycle could make an important contribution towards improving AfT and EIF capacities. A project management process for an AfT/EIF programme or project can be contemplated in the form of a project cycle diagramme shown in Figure 1.

Respective management teams within the AfT governance structure and the beneficiary government should monitor the following stages:

a) Defining the strategic interests and needs of the DC partner

b) Initiating and formulating the project proposal

c) Appraising and approving the project

d) Implementing the project

e) Evaluating the outcome of an AfT project.

As illustrated, the output of one stage will provide the input for the following stage.

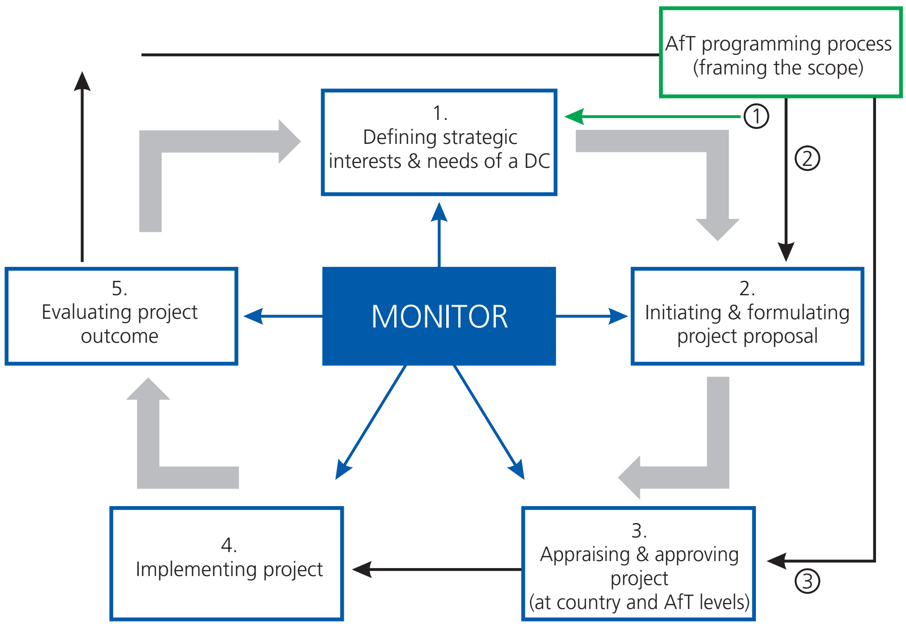

Figure 1: This project cycle diagram covers the basic structure of any AfT Monitoring and Evaluation system.

Conclusion

An effective and efficient Monitoring Management System is a tool for consolidating collaborative partnerships between donors and partner countries, as part of a key objective of the Aid for Trade initiative. Its use would promote the ability of partner countries to become more actively engaged in the diagnostic and strategic planning phase of the capacity building process. Its result would be to support the development of self-sustaining and continually improving capacity for development planning and implementation. Monitoring Management Systems are a well-proven means for improving performance within the private sector. Their use within the context of AfT would at once create references for fostering coherence among all stakeholders within its processes. Additionally, it would provide a new instrument for improving governance and thus effectiveness in attaining its stated objective of alleviating poverty in LDCs and developing countries through trade.

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Notes:

1 The Development Dimension: Aid for Trade. Making it Effective. OECD, 2006

2 OECD. Quality Standards for Development Evaluation. 2010 http://www.oecd.org/dataoecd/55/0/44798177.pdf

3 Results-based management is "a management strategy focusing on performance and achievement of output, outcomes and impact." DAC Network on Development Evaluation, OECD, 2002

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The forthcoming 2013 reform of the Common Agricultural Policy: What is at stake for developing countries?

Alan Matthews

The European Union (EU) is about to embark on a new round of reform of its controversial Common Agricultural Policy (CAP) to come into effect on 1 January 2014. The European Commission recently published a consultation paper which sets out a series of options for this reform.[1] This article[2] discusses how the proposed reforms might impact African, Caribbean and Pacific (ACP) exporters.

The Communication builds on a series of CAP reforms going back to 1992. Administrative support prices have been lowered, intervention costs have fallen and there has been a substantial reduction in expenditure on export refunds. Farmers were compensated for the reduction in support prices through increased direct payments. These were initially payments coupled to production, albeit with production limits including quotas on milk and sugar, but since the so-called Fischler reforms in the CAP Mid Term Review implemented in 2005, most of these direct payments are now decoupled from production.

The political implications

A number of factors make further CAP reform a hot political issue. First, spending limits for the CAP will be maintained until the end of 2013. Spending limits after that date must be agreed in the context of the next EU medium-term budget. Negotiations are taking place to defend the case for a large CAP budget in the next budget framework. EU agricultural spending is increasingly criticized as being unfocused, untargeted and hard to justify on any rational criteria.

Second, the reform must address the legacy of the 2004 and 2007 enlargements when 12 countries of central and eastern Europe became EU members and thus eligible for CAP support. Their support rates turn out to be much lower on a per hectare basis than in the old member states. It is a certainty that greater equity in the distribution of direct payments between member states will be one outcome of the next CAP reform.

Third, the reform is intended to address new challenges facing European agriculture such as coping with price volatility and meeting EU energy and climate change agenda. Farming is also expected to contribute to territorial balance and social cohesion, particularly in the new member states where agriculture continues to have a significant share of employment and economic activity.

The CAP instruments after 2013

As a consultation document, the Commission Communication sets out three reform paths. The first option would continue the status quo apart from a correction to the distribution of direct payments across member states. The second option, which is widely seen as the Commission's preferred alternative, proposes greater targeting of direct payments plus an extension of the menu of rural development measures to include, for example, climate change mitigation and risk management instruments. The third option is a more far-reaching reform of the CAP with a strong focus on environmental and climate change objectives, while moving away gradually from income support and most market measures.

Each of the three options will be evaluated in greater depth in the Impact Assessment to accompany the Commission's legislative proposals which are expected in July this year.

Direct payments

All options accept that the current allocation of direct payments between member states is no longer tenable and should be replaced by a more equitable distribution which might take into account both economic and environmental criteria. However, the Communication is silent on the formula that might be used to determine a more equitable distribution. The final outcome is likely to be a politically-determined compromise but payments will shift from farmers in the old member states to farmers in the new member states.

(continued on page 3)