



EUROPEAN COMMISSION
EuropeAid Co-operation Office

General affairs

Evaluation

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**EVALUATION OF THE EC SUPPORT TO THE
MERCADO COMÚN DEL SUR (MERCOSUR)**

TERMS OF REFERENCE

28/03/2003

TERMS OF REFERENCE TO EVALUATE EC SUPPORT TO THE MERCADO COMÚN DEL SUR (MERCOSUR)

1. INTRODUCTION

1. The European Commission is the executive body, accountable to the European Parliament and the Members States meeting in Council. Systematic and timely evaluation of its aid support is an established priority, as a means of accounting for the management of allocated funds and as a way of promoting a lesson-learning culture throughout the organisation. In the context of the Activity-Based Management (ABM) system established in the White Paper for Reform, evaluation should inform the decision-making process, contribute to the appropriate implementation of the activities and should be also a regular reporting tool. Evaluations emerge as an important keystone in the results-oriented approach to development¹.

2. An evaluation of EU support to regional co-operation in Latin America, including Mercosur, was carried out in 1999². Although it is considered as a partial evaluation, insufficient to draw many practical lessons, given the relative recent nature of the EU co-operation with Mercosur. Therefore the evaluation unit included the Mercosur regional co-operation evaluation in the unit-working programme of 2002, which was approved by the Board of the EuropeAid Co-operation Office, in his meeting of 14th of December 2001³.

3. The EU is a strong supporter of regional co-operation, since it is a key element to promote sustainable development in all regions. It helps foster better understanding between neighbouring countries thereby plays a decisive role in consolidating peace and preventing conflict and strengthens the multilateral system on a global level. It contributes, in addition to the integration of the developing countries into the world economy and enables the countries involved to face cross-border challenges, in particular in the field of the environment and the use and management of natural resources. However, regional integration has other aspects that relate directly to poverty eradication and sustainability, it includes an important institution and capacity building component.

4. As concerns operational translation, programmes furthering regional integration are necessarily diverse and spread over all priority areas. The key issues to be addressed are trade facilitation (facilitation of cross-border contracting, payments, market information), harmonisation of rules and regulations, strengthening natural and/or economic complementarities, reciprocal tariff reductions and simplifications (standards and norms), private sector support, and transport infrastructure. Regional co-operation mainly takes the form of support to horizontal programmes that involve operators from the two regions in partnership relations.

5. The EU's own experience pleads for an active and leading role in this area. No other international actor has as many means at its disposal to support and foster regional

¹ Communication from the Commission to the Council and the European Parliament - The European Community's Development Policy. COM(2000) 212 final

² <http://europa.eu.int/comm/europeaid/evaluation/reports/ala/951390.pdf>

³ http://europa.eu.int/comm/europeaid/evaluation/prog_2002.pdf

integration among developing countries as the Community. The political dialogue, trade relationships and development co-operations of the Community all take an increasingly regional dimension. In the case of Mercosur the EC is indeed the major donor.

2. POLICY BACKGROUND

6. The EU's cooperation policy with regard to Latin America is based on Article 177 of the Treaty establishing the European Community. It determines that the sphere of development cooperation shall foster the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them, the smooth and gradual integration of the developing countries into the world economy and the campaign against poverty in the developing countries. It also contributes to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.

7. Most of the financing of the cooperation of the European Union with the Latin American countries is governed by Council Regulation (EEC) No 443/92 of 25 February 1992 on financial and technical assistance and economic cooperation with, the developing countries in Latin America and Asia.

8. The Latin American region comprises, besides MERCOSUR, two more main sub-regional integration processes: in Central America (Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Mexico and the Caribbean -13 countries); and the Andean Community (Colombia, Ecuador, Bolivia, Peru, Venezuela). Latin America has embarked on processes of regional integration, accompanied by a range of free trade agreements between countries. These have played a decisive role in trade, by contributing to economic growth and the region's development.

9. The European Union has established and built up links with Latin America since the 1960s. EU relations with Latin American region have developed simultaneously at the national, regional and sub-continental levels - this partnership is expected to be reflected at all levels in a coordinated way. A full range of political and trade relations as well as co-operation agreements have been concluded at every level.

10. In the case of Mercosur⁴ the EU co-operation started in 1992 with the signature of an **Interinstitutional Agreement** between the European Commission and Mercosur. In December 1995, the EU and Mercosur signed an **Interregional Framework Co-operation Agreement**, which fully entered into force in July 1999 (provisional application already in 1996). This Framework Agreement consists of three main elements: political dialogue, co-operation and trade issues. It is expected to be replaced by a more comprehensive bi-regional Association Agreement, for which negotiations have been on-going since 1999 (see paragraph 14). A Memorandum of Understanding was signed between the Commission and Mercosur defining multiannual guidelines for implementing co-operation 2000-2006. The EU has encouraged Mercosur integration and it is geopolitical, historically and economically a process of key importance to the EU. The EU-Mercosur negotiations have had a positive impact on the integration process.

⁴ Mercosur was created in March 1991 with the signing of the Treaty of Asuncion.

11. Mercosur represents an on going process of sub-regional integration with **Argentina, Brazil, Paraguay and Uruguay** as full members, and with Bolivia and Chile as associate members. It originally was set up with the ambitious goal of creating a common market/customs union between the participating countries on the basis of various forms of economic co-operation that had been taking place between Argentina and Brazil since 1986. The Treaty of Ouro Preto of 1994 added much to the institutional structure of Mercosur and initiated a new phase in the relationship between the countries, when they decided to start to implement a common market. A transition phase was set to begin in 1995 and to last until **2006 with a view to constituting the common market**. In 1996, association agreements were signed with Chile and Bolivia establishing free trade areas with these countries on the basis of a "4 + 1" formula. During this period, Mercosur also created a common mechanism for political consultations, which was formalised in 1998, in which the four countries plus Bolivia and Chile all join as full members of the so-called "**Political Mercosur**".

12. The Treaty of Ouro Preto established an institutional structure for Mercosur, which was inspired by the example of the EU, but which did not copy the exact details of the EU model. The main difference compared to the EU is **Mercosur's rejection of any notion of supranationality** - meaning supranational central institutions. Thus Mercosur functions on the basis of a 100% intergovernmental structure, notwithstanding the fact that it aims to achieve objectives very similar to the European ideal, i.e. the creation of a common market and possibly later on in the future an economic and monetary union with a common currency.

13. Mercosur covers a wide variety of policy areas ranging from the creation of a **regional common market** and a **full macro-economic co-ordination**, to a **harmonisation of social policies, joint political initiatives, military co-operation** and **regional guarantees** for the preservation of **democracy** and respect of **human rights**. Mercosur also represents the 4th largest economic group in the world and has a total GDP of US\$ 1,100 billion. EU supports the strengthening of the Mercosur regional integration process. This has by now resulted in a process of association and free trade negotiations, which already today provides strong proof of the EC's and EU's long term commitment to Mercosur population of 210 million.

14. Mercosur's ambition to become a real common market is a building block and positive element in the creation of an association between the two regions. In this respect, 9 Rounds of association negotiations have taken place between the EU and Mercosur. It is important to point out, that on the 5th Round of negotiations the EU unilaterally presented to Mercosur the Tariff Offer and negotiation texts for goods, services and government procurement. This EU initiative speeded up the negotiation process. In reciprocity, Mercosur presented its Tariff Offer and negotiation texts on services and public procurement at the 6th Round of Negotiations EU-Mercosur. On the 7th Round of negotiations substantial progress was made in the **political and co-operation chapters, which are virtually finalised**. The results were presented at the European Union/Latin America Summit in Madrid on 17 May 2002. This Summit had particular significance for EU-Mercosur negotiations, as the European Commission by that time had made a progress in the negotiations, which by then had completed 3 years of discussions on co-operation, political dialogue and non-tariff issues and nearly 1 year of discussions on tariffs and services. The Madrid Summit gave a strong impetus to the negotiation process and a business facilitation measure was adopted.

15. The trade negotiations aim at creating a free trade area between both regions covering goods, services, investment and public procurement, as well as rules and disciplines for all sectors subject to negotiations. The association agreement aims at cutting tariffs for substantially all trade between both parties, thus providing for significant trade opportunities. Building on the proposal presented to Mercosur in July 2001, the EU offer foresees eliminating tariffs on 91% of imports from Mercosur into the EU. At the same time, the EU stands to gain from the tariff cuts proposed by Mercosur, since EU exporters currently face tariffs up to 35% on their exports to Mercosur.

16. At the EU-Mercosur ministerial meeting in Río de Janeiro in July 2002 both sides agreed on a clear and ambitious roadmap to prepare for the final stage of the negotiations by the second half of 2003. With the exchange of improved tariff offers, on March 2003, both sides comply with their commitment to present ambitious tariff offers. Offers for the other areas, notably services, investment and government procurement are scheduled to be exchanged by April 2003.

17. The co-operation priorities between the EU and Mercosur, operate at the economic and commercial levels. The aim is to reinforce the process of regional (and international) integration of Mercosur. It is clear that the negotiations of an **EU-Mercosur Association Agreement** for a strategic, political, economic and co-operation partnership are the **key priority**. This agreement between these two important regional blocks, is one of the most advanced of its kind in history. Therefore the present core objective of the EU response strategy for this sub-region is to address the three main challenges: support and reinforcement of the internal Mercosur programme to complete its **common market** by 1 January 2006; support to enhancing the **institutionalisation** of Mercosur; support for **civil society**⁵. These priorities are indicated on the 2002 Regional Indicative Programme, with an envelope of 48 million Euros⁶.

3. THE EVALUATION'S BASIC COMPONENTS

3.1. Objectives

18. The purpose of this evaluation is to provide the relevant external co-operation services of the European Commission with a flexible, rapid source of independent expertise to evaluate on:

- (i) the relevance, impact, effectiveness, efficiency and sustainability of its support strategy to the Mercosur region;
- (ii) the co-ordination and internal coherence between the EC approach and actions to support: (1) Mercosur regional integration, (2) EC's bilateral co-operation strategies and actions with each of the four Mercosur countries and (3) its overall strategy to promote regional integration and economic co-operation within Latin America⁷;

⁵ MERCOSUR/ European Community - Regional Strategy Paper 2002 –2006 (page 26).

⁶ See the Mercosur Regional Indicative Programme 2000/2006.

⁷ Consider Latin America budget lines 310/311 and horizontal budget lines.

- (iii) co-ordination and coherence between EC-support to Mercosur regional co-operation / economic integration, trade and other EU policies that have external co-operation dimensions like, environment, etc⁸.
- (iv) coherence between the support strategy applied so far, and the main lines of the already concluded chapters (political dialogue and co-operation pillar⁹) of the current EU-Mercosur Association negotiations;
- (v) complementarity of EU support actions and strategy to the Mercosur regional initiative with policies / actions of Member States and other donors in the area.

Furthermore the evaluation should focus on:

- (i) identifying key lessons from the Commission's past regional co-operation, for example from evaluations¹⁰ and monitoring reports (see CRIS database), paying particularly attention to the impact of specific actions against their objectives;
- (ii) providing detailed and operational recommendations by target group (i.e. those primarily responsible for action) which should be ranked and prioritised according to their relevance and importance to the purpose of the evaluation. Recommendation need to be balanced between the different areas of co-operation and should be cross-referenced to the appropriate paragraph in the conclusions.
- (iii) contributing to the structuring of a methodological framework for the Mercosur midterm review (scheduled for December 2004), as well as for the final and ex-post evaluations of the regional strategy 2002 - 2006.

3.2. Evaluation Users

19. The evaluation should serve the Board of EuropeAid, Directors General, Directors, and managers involved in the preparing and implementing external co-operation with Mercosur. This implies that, within the overall framework of EU external co-operation policies, the RELEX family's services (including services which are responsible of programming co-operation) and EC Delegations in the countries covered by this exercise will be the main users of the Evaluation. The evaluation should generate results of interest to an audience that would include geographical desks, those responsible for intervention in other sectors, other DGs whose policy area is concerned, central services, as well as Member States. It would also include the authorities of the partner countries.

⁸ The European Commission has introduced several institutional mechanisms that will help promote coherence of external relations' policies with the poverty reduction objective. In particular, the Country and regional Strategy Papers have become a central mechanism for strengthening policy coherence with other Community policies and for co-ordination with Member States. EC resources to support regional programmes are planned in a Regional Indicative Programme for four or five years, which since 2002 is based on a Regional Strategy Paper (assessed first by the Interservice Quality Support Group). The European Community's legal and policy framework sets out the requirement to seek policy coherence with development objectives.

⁹ http://www.europa.eu.int/comm/trade/bilateral/mercosur/pr050303_en.htm

¹⁰ Various evaluations of regional support programmes have been undertaken: Cross Border Co-operation, 2000-2001; EU Regional co-operation with Latin America, 1999-2000). More recently, the Evaluation Unit analysed both economic and technical co-operation for ALA countries to facilitate future work in that area.

3.3. Evaluation Approach

20. The basic approach to the evaluation will consist of *three main phases* in the course of which *four sequential methodological stages* will be developed. This approach will call upon *five key evaluation criteria*.

Three Main Phases of Development:

∂ Desk Phase

• Field Phase

÷ Synthesis phase

Four Methodological Stages:

∂ Structuring of the evaluation

• Data Collection

÷ Analysis

≠ Judgements on findings

Five Key Evaluation Criteria

21. The evaluation will be based on *five key evaluation criteria*: relevance, impact, effectiveness, efficiency and sustainability. The criteria will be given different weight according to the precise evaluation questions, which will be elaborated by the consultants and discussed with the steering group. Essentially, however, the five criteria used are as follows:

- ∂ Identify, explain and hierarchise the EC's regional support strategy for Mercosur, in relation to the 4 country strategy objectives in terms of their intervention context, logic and coherence. Assess the **relevance** of the regional and country strategies with regard the EU general objectives and the regions own priorities and needs. Identify key clusters or major areas of activity where the support has been focused, with a view to subsequent analysis. Co-ordination and complementarity with other donors, as well as consistency/internal coherence with other EU policies should be considered.
- Identify recorded **impacts**. Where possible, assess the *intended impact* corresponding to each objective, indicating how these intended impacts fit within broader EU Mercosur contexts (trade, macro-economic, political). Identify *unintended impacts* or dead-weight/ substitution effects. Finally, assess the overall success of the co-operation and the achievement of the overall objectives at regional, sub-regional and country level.
- ÷ Assess **effectiveness** in terms of achieved results. That is to say to what extent the objectives have been achieved *and* are perceived as such by the beneficiaries, or are expected to be in the foreseeable future. Particular attention should be given to the question of who has benefited or will benefit. Unplanned results should also be analysed.
- ≠ To what extent the interventions were **efficient**, i.e., were the available resources at "low or acceptable cost" transformed through the programme's processes (and activities) into the expected/intended results? Were there alternative lower-cost options, which would have achieved similar results? Addressing such questions

requires assessment of the regional, country programme's process, organisation, management, monitoring systems, as well as the constraints of the Commissions, local delegations and partner country authorities.

- ≡ Assess the **sustainability** of the regional and country strategies and their component programmes. That is to what extent will the **results and impacts** be maintained, or are likely to be, preserved over time, without EU support funding. This requires a focus on the degree of correspondence between the policy priorities of the Commission and the partner regional bodies and bilateral partner countries, as well as the capacity of the relevant regional institutions to take full and sustained advantage of the benefits. In cases where capacity is lacking identifying to what extent the regional and country programmes were at fault in not including provision for the developing and strengthening of regional capacity.

4. COVERAGE OF THE EVALUATION

22. The evaluation will cover the Commission's impact of actions on the field of regional co-operation and trade with the Mercosur bloke, undertaken between 1995¹¹ and the first trimester of 2003. Nevertheless it will take into account both Commission's regional actions with the Latin America Regions and the bilateral actions with **Argentina, Brazil, Paraguay and Uruguay strategies**. It will assess the regional co-operation oriented components of the four country strategy programmes, the regional strategy paper, programmes and indicative programmes.

23. The assessment and judgement of the current approach must take into account the effects of the reform of the RELEX services. In choosing specific countries and projects in more detail (including case studies during the field phase), the evaluators will act on the basis of rational judgement criteria agreed with the evaluation unit of EuropeAid and validated by the Steering Group.

24. The evaluation will focus on the main interventions at a sub-regional level, covering the following **sectors**: (1) agriculture, (2) customs harmonisation, (3) technical standards, (4) statistics, (5) institutional support, (6) physical integration, (7) veterinarian and fytosanitary issues A few projects dealing with social aspects (drugs, fight against cancer,..) involve other civil society actors.

5. EVALUATION QUESTIONS

25. The evaluation of the European Commission's strategy for Mercosur will be based on a *set of key questions*. These questions are intended to give a more precise and accessible form to the *evaluation criteria* and to articulate the key issues of concern to stakeholders, thus optimising the focus and utility of the evaluation.

26. Identified in the first instance by the evaluation team, these evaluation questions (a *maximum of 10*) should be based upon a reconstruction of the intervention logic which

¹¹ If necessary, the consultants will take into consideration actions, strategy documents and legal bases elaborated before 1995 if these are still considered relevant for the period under study.

includes the identification of key *thematic clusters*¹²; these should accord with the main issues relating to the Commission's activities with the Mercosur. The evaluation questions will be discussed with the Evaluation Unit, and finally debated within, and validated by the Steering Group.

27. For each Evaluation Question there should be at least one appropriate *Judgement Criterion*, and for each such criterion the appropriate quantitative and qualitative *Indicators* will be identified and specified. This, in turn, will determine the *appropriate scope and methods of data collection*. Besides specific answers, the evaluation questions should also lead the evaluators to produce an *overall assessment* of the EC co-operation with Mercosur.

28. The Evaluation Question section should be balanced in relation to the rest of the report. Questions should be drafted in such a way that they clearly reflect an *evaluation exercise*.

6. MANAGEMENT AND SUPERVISION OF THE EVALUATION

Steering group

29. The management and supervision of the evaluation will reside with the *Evaluation Unit* of EuropeAid Co-operation Office. The evaluation manager and first point of contact will be Alexandra Chambel Figueiredo (tel: 02 29 67403).

30. The progress of the evaluation will be followed closely by a Commission *Steering Group* consisting of members of the RELEX family services, delegations, as well as other relevant Directorate Generals, under the chairmanship of the Evaluation Unit. The principal functions of this Steering Group will be:

- to discuss the Terms of Reference drawn up by the Evaluation Unit as well as the validation of the evaluation questions and their relevant judgement criteria;
- to provide the consultants with information and documentation on activities undertaken;
- to act as interface between the consultants and Commission services;
- to discuss the launch and inception note and subsequent reports produced by the consultants, as well as, to give an opinion on the quality of the final report. Comments by individual members of the Steering Group will be compiled by the Evaluation Unit and subsequently transmitted to the consultants.
- to assist in feedback of the findings and recommendations from the evaluation into future programme design and delivery.

¹² These may include, for example: statistics, standards, norms and technical regulation; sanitary and phytosanitary measures; customs questions; social aspects; trade and regional integration, etc..

7. THE EVALUATION'S THREE PHASES AND REPORTING

7.1 Desk Phase

Starting the Evaluation and producing the launch note

31. Prior to embarking in the structuring phase of this study, members of the evaluation team (external consultants) will participate in a launch meeting with the Evaluation Unit. This meeting will be based on an *Launch Note* in which the team leader will have set out in full: (i) the team's understanding of the Terms of Reference, (ii) the *provisional* proposed composition of the full evaluation team (with CVs), (iii) a *provisional* budget proposal.

Producing an Inception Note

32. The Inception Note will further elaborate the Contractor's understanding of the Mercosur ToRs. Including the presentation of a structured analysis of the objectives of the EU support towards Mercosur, and address the other elements needed for the preparation of the desk study of the evaluation and for the formulation/validation/analysis of the evaluation questions.

33. It will also propose the working methods, a team of experts and a team leader (including, as far as possible, the identified local counterpart consultants), and a time schedule, to be agreed between the Contractor and the Commission. Who will also confirm their agreement on the various aspects through an exchange of letters or faxes. This Inception Note will be circulated to the Steering Group members for comments¹³.

Desk Study and delivery of Desk Phase Report

34. Once the Inception Note has been circulated to the Steering Group and approved by the Evaluation Unit (after any agreed amendments have been made), the work will proceed with the *Structuring Stage* of the evaluation.

35. During this structuring stage, the evaluation team will hold exploratory meetings with the relevant Commission Services. The largest part of the work will be dedicated to the analysis of all relevant key documentation, including data on the pertinent policy and programming documents and instruments, and also taking account of any key documentation produced by other international donors and agencies.

36. On the basis of the data collected, the evaluation team will: (a) reconstruct the intervention logic of development co-operation and trade policies, programmes and activities in Mercosur¹⁴; (b) draft a set of Evaluation Questions.

¹³ See annexe III of the framework contract number : B7-6510/2002/005

¹⁴ Consists in setting out the key objectives of the Commission's strategy for Mercosur, assessing the intended impacts related to the objectives. The evaluation team should point out their logic, context and overall coherence, including relevant aspects of the programme's external coherence in relation to other EU policies, the needs and policies of beneficiary countries, other donors' activities, and other

37. Once the Evaluation Questions have been validated by the evaluation unit and by the steering group, the team of consultants will proceed with the final stage of the Desk Phase of the evaluation. This final stage consists mainly in identifying and setting out proposals for the following:

- Identify, for each Evaluation Question, an appropriate *judgement criterion* (or criteria); and relevant quantitative and qualitative *indicators* for each Judgement Criterion identified;
- Propose suitable methods of *data and information collection* both in Brussels and in proposed field trips - additional literature, interviews both structured and unstructured, questionnaires, seminars or workshops, case studies, etc. - indicating any limitations and describing how the data should be cross-checked to validate the analysis;
- Present appropriate *methods of analysis* of the information and data collected, again indicating any limitations;
- Indicate the basis to be used for making the *judgements*, which should be directly related to the Judgement Criteria (set up during this first phase but adaptable should the field findings so dictate).

38. At the conclusion of this work, the evaluation team will present to the Evaluation Unit a *Draft Desk Phase Report* (following the structure set out in Annex 2). This report should set out in full the results of this first phase of the evaluation. It should also detail the consultants' proposed approach and methodology for the upcoming *Field Phase* of the evaluation (e.g. analytical grid for case studies, model for structured interviews, example of questionnaires, etc.), and final confirmation of the full composition of the evaluation team, including local consultants as appropriate. The analysis should include a proposed list of activities, projects and programmes for in-depth study in the field. The field mission should not start before the proposed approach and the Evaluation Unit has approved the methodology.

39. After the Steering Group has discussed this Draft Report, the evaluation team will be given up to 15 working days to produce the *Final Desk Phase Report*.

7.2 Field Phase

40. Following satisfactory completion of the Desk Phase, the evaluation team will proceed to the field missions. The fieldwork (it should typically last around three weeks), will be undertaken on the basis set out in the Final Desk Phase Report and agreed by the Steering Group and by the Delegations of countries proposed for visits. If during the course of the fieldwork any major deviations from the agreed methodology or schedule are perceived as

geopolitical factors (Although the assumptions, conditions and risks attached to each objective do not appear in this logical diagram they shall be assessed in the course of the analysis);

being necessary, these should be explained to the Steering Group through the Evaluation Unit.

41. At the conclusion of the field study the team will (i) give a detailed on-the-spot *debriefing to each chosen delegation* on their provisional findings, and (ii) proceed to prepare the *Field Mission Report* for delivery to the Evaluation Unit no later than 15 working days after returning from the field. This report will be presented to, and debated within the Steering Group.

7.3 Final Report-Writing Phase

42. The Final Report will be drafted in English and translated into Spanish and Portuguese, and will be structured as set out in Annex 2. The Final Report should include, as well as an answer to each Evaluation Question, an overall judgement of the Commission's strategy and programming towards MECOSUR.

43. The evaluation team will deliver a *Draft Final Report* to the Evaluation Unit no later than earlier November 2003. On acceptance, the report will be circulated for comments to the Steering Group, which will convene to discuss it about 15 working days after circulation, in the presence of the evaluation team.

44. The evaluation team (or selected members) may, on the basis of the Draft Final Report, participate in a *Seminar* in Brussels or in one MERCOSUR country during which they will make a presentation to the Commission services and other relevant stakeholders on the evaluation's preliminary findings, conclusions, and recommendations. The organisation of such an event will depend on the expression of the Commission's interest and on the availability of sufficient time and resources.

45. On the basis of comments received from the Steering Group and the Evaluation Unit, the evaluation team will make the appropriate final amendments and submit their *Final Report* to the Evaluation Unit *within 15 working days* of the last meeting. The evaluators may either accept or reject the comments made by the Steering Group members, Delegation members, or relevant stakeholders, but, in case of rejection, they shall motivate (in writing) their refusal and annex the relevant comments and their responses to the report. The quality of the editing of the Final Report (as well as previous reports and notes) must be high. The *findings, analysis, conclusions* and *recommendations* should be thorough. They should reflect a methodical and thoughtful approach, and finally the link or sequence between them should be clear.

8. DISSEMINATION AND FOLLOW-UP

46. After approval of the final report, the Evaluation Unit will proceed with the Dissemination of the results (conclusions and recommendations) contained within this Report. The Unit will: (i) make a formal *Judgement on the Quality* of the evaluation; (ii) draft a 2-page *Evaluation Summary*; (iii) circulate a *Fiche Contradictoire* for discussion with the relevant Services. The Quality Judgement, the summary, and the *Fiche Contradictoire* will all be published on the Evaluation Unit's Web-site alongside the Final Report.

9. EVALUATION TEAM

47. This evaluation is to be carried out by a team with advanced knowledge, and experience in at least the following fields: development co-operation policy, trade policy and international commercial negotiations, macroeconomics, and regional integration and co-operation. Consultants should also possess an appropriate training and documented experience in the management of evaluations, as well as evaluation methods in field situations. The team should comprise a reasonable mix of consultants experts in the Latin America region with particular experience in the Mercosur sub-region. The team should be prepared to work not only in English but also in Spanish and in Portuguese. All the documents will be written in English although the field phase report and the final report will be translated into Spanish and Portuguese.

48. The Team composition should be agreed as indicated but may be subsequently adjusted if necessary in the light of the Evaluation Questions once they have been validated by the Steering Group. The Evaluation Unit recommends that also consultants from beneficiary countries be employed.

10. TIMING AND BUDGET

49. The evaluation will start in mid March with completion of the Final Report scheduled for November 2003. The following is the *indicative* schedule¹⁵:

<i>Evaluation's Phases and Stages</i>	<i>Notes and Reports</i>	<i>Dates</i>	<i>Meetings</i>	<i>Dates</i>
Terms of Reference		March	Steering group meeting to agree TOR	
Desk Phase		Starts in <i>April 2003</i>		
Starting Stage	Launch Note	Due in <i>April</i>	Launch Meeting (Evaluation Unit + Consultants)	
Structuring Stage	Inception Note	Due in <i>April</i>	Steering Group Meeting	
Desk Study	Draft Desk Report	Due in <i>May, June</i>	Steering Group Meeting	
	Final Desk Report	Due in <i>June</i>		
Field Phase		Starts in <i>July</i> ¹⁶		
	Draft Field Phase Report (based upon separate country notes)	Due in <i>July</i>	Steering Group Meeting	
	Final Field Phase Report	Due in <i>August, September</i>		
Final Report-Writing Phase	Draft Final Report	Due in <i>October</i>	Steering Group Meeting	
			Seminar in Brussels or/and in one of the Partner Countries	
	Final Report	Due in <i>November</i>		

50. The Payments modalities shall be as follow: 30% at the acceptance of the Inception Note; 50% at acceptance of Draft Final Report; 20% at acceptance of Final report. The invoices shall be sent to the Commission only after the Evaluation Unit confirms in writing the acceptance of the reports¹⁷.

¹⁵ The dates mentioned in the above table may only be changed in view of optimising the evaluation performance, and with the agreement of all concerned.

¹⁶ Subject to agreement by the EC Delegations concerned

¹⁷ According to the framework contract number : B7-6510/2002/005

Annex 1: Key documentation for the evaluation (initial reading list)

The below list of basic documents is indicative and by no means exhaustive. The consultants are requested to take into account any other document relevant to the present evaluation.

(i) Basic

- * Treaty Article 177 (previously 130u);
- * Interregional Framework Co-operation Agreement between the European Community, its Member States and the Southern Common Market and its Party States. Official Journal L 069, 19/03/1996 p. 0004 - 0022 - L 112 29/04/1999 P. 0066
http://europa.eu.int/comm/external_relations/mercosur/bacground_doc/fca96.htm
- * Country Strategy
http://europa.eu.int/comm/external_relations/brazil/csp/02_06en.pdf
http://europa.eu.int/comm/external_relations/paraguay/csp/02_06en.pdf
http://europa.eu.int/comm/external_relations/argentina/csp/02_06en.pdf
http://europa.eu.int/comm/external_relations/uruguay/csp/02_06en.pdf
- * MERCOSUR Regional Strategy paper and Indicative programme 2002 -2006
http://europa.eu.int/comm/external_relations/mercosur/rsp/02_06en.pdf
- * Latin America Regional Strategy paper 2002-2006
http://europa.eu.int/comm/external_relations/la/rsp/02_06_en.pdf
- * http://www.europa.eu.int/comm/europeaid/projects/alfa/index_fr.htm
- * Council Regulation (EEC) No 443/92 of 25 February 1992
- * COM (2000) 212: – Communication from the Commission to the Council and the European Parliament: *The European Community's Development Policy*
http://europa.eu.int/comm/external_relations/asia/doc/com00_212.pdf
- * COM (2000) 670 "Comunicação da Comissão ao Conselho e ao Parlamento Europeu: seguimento da primeira cimeira entre a América Latina, as Caraíbas e a União Europeia".
- * COM (2002) 513 final – Communication from the Commission to the Council and the European Parliament: Trade and Development: assisting developing countries to benefit from trade.
- * Annual report 2000 from the Commission to the Council and the European Parliament on the EC development policy and the implementation of the External Assistance
http://europa.eu.int/comm/europeaid/reports/aidco_2000_annual_report_latin_en.pdf

- * Annual report 2001 from the Commission to the Council and the European Parliament on the EC development policy and the implementation of the External Assistance http://europa.eu.int/comm/europeaid/reports/aidco_2001_annual_report_en.pdf

(ii) General (see websites: EuropeAid, Inter-service Quality Support Group and RELEX)

- * EuropeAid Latin America Flash – INFOS
- * Documents of the AIDCO Thematic Group on Trade and Development: <http://forum.europa.eu.int/Public/irc/europeaid/Home>
- * DG TRADE website (trade and development) <http://europa.eu.int/comm/trade/miti/devel>
- * www.mercosur.org.uy
- * <http://www.mercosul.gov.br/>
- * Review of the Development co-operation policies and programmes of the European Community, DAC/OECD, 2001.
- * **The European Union and Mercosur - A case of inter-regionalism** http://europa.eu.int/comm/external_relations/mercosur/conference/eu_mercosur_inter_regionalism.pdf
- * The logic of Regional Integration, Europe and beyond, by Walter Mattli, Cambridge University Press, 1999.
- * Websites of other major bodies with a specific regional integration aspect – OECD, DFID, WTO, UNCTAD, ITC, World Bank

(ii) Other evaluations:

- * <http://europa.eu.int/comm/europeaid/evaluation/program/alarep.htm>
- * Evaluation of ALA Regulation 443/92, 2002;
- * Evaluation of Economic Co-operation between the European Community and partner states in Asia and Latin America, 2001;
- * Cross Border Co-operation, 2000;
- * EU Regional co-operation with Latin America, 1999-2000;
- * Evaluation de la co-operation de l'Union Européenne avec l'Amérique Latine dans le domaine de la santé, 2000.
- * Evaluation of the EU development aid to ALA states, 1999.
- * Evaluations of a few specific projects and programmes that are now been carried out, such as: “Proyecto de Cooperación UE-Mercosur en materia de normas Técnicas”; “Proyecto de Cooperación Estadística UE- Mercosur + Chile”.
- * **Projects and projects evaluation documents will be made available by the services concerned.**

Annex 2: Outline Structure for the Reports

A. Outline Structure of the First Phase Report

Part 1: Reconstruction of the hierarchy, logic, related assumptions and intended impacts of the *objectives of the EC's interventions* in the Mercosur Region.

Part 2: Presentation of the *key evaluation questions, judgement criteria* and associated *indicators*.

Part 3: *Analysis of the information and data* available at the end of the first phase and indications of any missing data, so as to inform the work plan and choice of countries for the field phase.

Part 4: Proposed *field phase methodology* (methods of enquiry, data collection and sampling, etc. vis-à-vis the information sought) with concrete proposal and examples.

Part 5: Proposed *analysis methodology* based on sound and recognised methods used for evaluation.

B. Outline Structure of the Final Report

Length: The Final Report should not be longer than 50 pages (including the executive summary). Additional information on overall context, programme or aspects of methodology and analysis should be confined to annexes.

1. Executive Summary

Length: 5 pages maximum

This executive summary must produce the following information:

- 1.1 – Purpose of the evaluation;
- 1.2 – Background to the evaluation;
- 1.3 – Methodology;
- 1.4 – Analysis and main findings for each Evaluative Question; short overall assessment;
- 1.5 – Main conclusions;*
- 1.6 – Main recommendations.*

** Conclusions and recommendations must be ranked and prioritised according to their relevance to the evaluation and their importance, and they should also be cross-referenced back to the key findings. Length-wise, the parts dedicated to the conclusions and recommendations should represent about 40 % of the executive summary*

2. Introduction

Length: 5 pages

- 2.1. Synthesis of the Commission's Strategies and Programmes: their objectives, how they are prioritised and ordered, their logic both *internally* (ie. The existence – or not – of a logical link between the EC policies and instruments and expected impacts) and *externally* (ie. within the context of the needs of partner countries, government policies, and the programmes of other donors); the implicit assumptions and risk factors; the intended impacts of the Commission's interventions.*
- 2.2. Context: very brief analysis of the political, economic, social and cultural dimensions affecting trade development in third countries.
- 2.3. Purpose of the Evaluation: presentation of the evaluative questions and of how they will permit to assess the country strategy and programme.

3. Methodology

Length: 6- 10 pages

In order to answer the evaluative questions a number of methodological instruments must be presented by the consultants:

- 3.1. Judgement Criteria: which should have been selected (for each Evaluation Question) and agreed upon by the steering group;
- 3.2. Indicators: attached to each judgement criterion. This in turn will determine the scope and methods of data collection;
- 3.3. Data and Information Collection: can consist of literature review, interviews, questionnaires, case studies, etc. The consultants will indicate any limitations and will describe how the data should be cross-checked to validate the analysis.
- 3.4. Methods of Analysis: of the data and information obtained for each Evaluation Question (again indicating any eventual limitations);
- 3.5. Methods of Judgement

4. Main Findings and Analysis

Length: 20 to 30 pages

- 4.1. Answers to each Evaluation Question, indicating findings and conclusions for each;
- 4.2. Overall judgment of the EC Strategy. This assessment should cover:
Relevance to needs and overall context, including development priorities and co-ordination with other donors;

Actual Impacts: established, as well as unforeseen impacts or deadweight/substitution effects, and compare to intended impacts;

Effectiveness in terms of how far the intended results were achieved:

Efficiency: in terms of how far funding, personnel, regulatory, administrative, time and other resource considerations contributed or hindered the achievement of results;

Sustainability: whether the results can be maintained over time without EC

funding or other external support.

5. A Full Set of Conclusions and Recommendations

Length: up to 10 pages

A Full set of Conclusions* and Recommendations* (i) for each evaluation question; (ii) as an overall judgement of the country programme and strategy vis a vis the country needs. (As an introduction to this chapter a short mention of the main objectives of the country programmes and whether they have been achieved)

**All conclusions should be cross-referenced back by paragraph to the appropriate findings. Recommendations must be ranked and prioritised according to their relevance and importance to the purpose of the evaluation (also they shall be cross-referenced back by paragraph to the appropriate conclusions).*