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Biennial Report on the Special Framework of Assistance for Traditional ACP suppliers of Bananas

SEC(2010)331

1. INTRODUCTION

The Special Framework of Assistance (SFA) for traditional ACP suppliers of bananas was created in 1999 in order to help those suppliers to adjust to changing international competition and expired in December 2008. It targeted 12 traditional banana-supplying countries: Belize, Cameroon, Cape Verde, Côte d'Ivoire, Dominica, Grenada, Jamaica, Madagascar, Saint Lucia (henceforth St Lucia), Saint Vincent and the Grenadines (henceforth St Vincent), Somalia and Suriname. In total, some €376 million were granted under the SFA scheme.

The objectives were either improving the competitiveness of traditional ACP banana producers, or, if this were no longer feasible, supporting diversification. The aim was to be achieved by projects designed to

- Increase productivity,
- Improve quality,
- Adapt production and marketing to the EU's quality standards,
- Establish producers' organisations focusing on improvements in marketing as well as on the development of environment-friendly production methods, including fair-trade,
- Develop marketing strategies designed to meet the requirements of the EU common organisation of its market,
- Assist producers in developing environment-friendly production methods, including fair-trade,
- Support diversification wherever the competitiveness of the sector is not sustainable.

The yearly country allocations were based on the competitiveness gap compared with third country suppliers and on the importance of banana production for the economy of each ACP country[1]. The annual budget has gradually decreased from €44.5 million (1999) to €29.2 million (2008). Until 2003, the allocation key was designed to provide more support to countries suffering from a larger competitiveness gap. As of 2004, a reduction coefficient rewarded countries that achieved competitiveness gains.

2. LEGAL BASIS

On 22 April 1999 the Council adopted Regulation (EC) No 856/1999[2] establishing a Special Framework of Assistance for traditional ACP suppliers of bananas. On 22 July 1999 the Commission adopted Regulation (EC) No 1609/1999[3] laying down detailed rules for implementation.

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[1] The methodology is detailed in Commission Regulation (EC) No 1609/1999 of 2 July 1999, OJ L 190, 23.7.1999, p. 14.

[2] OJ L 108, 27.4.1999, p. 2.

[3] OJ L 190, 23.7.1999, p. 14.

In 2007 and 2008 the budget line amounted to €28.67 million and €29.226 million respectively. The Commission Decisions fixing the country amounts were adopted on 23 April 2007[4] and 21 April 2008[5].

Article 9 of the Council Regulation specifies that "*by 31 December 2000, and every two years thereafter, the Commission shall present a report, accompanied if appropriate by proposals, on the operation of this Regulation to the European Parliament and the Council*". This report covers 2007 and 2008[6] and is accompanied by a Staff Working Document.

3. MARKET INFORMATION

The European Union (EU) is the largest consumer and importer of bananas in the world. Compared to 2007, in 2008, 5 416 449 t. (referred to below as t.) of bananas were consumed in the EU (+3.5%), of which 4 848 889 t. (+3.7%) were imported from third countries and 567 560 t. (+2.3%) were of domestic origin. In 2008, the USA imported 3 976 146 t. of bananas, a decrease of 0.7% over the previous year. Almost all bananas imported by the US were of Central and South American origin (ACP bananas representing 0.003% of total imports).

The EU banana market is supplied by Most Favoured Nation (MFN) countries (mainly Central and Southern American countries), African, Caribbean and Pacific (ACP) countries, and domestic producers.

In 2008, MFN bananas consumed in the EU were 72.5%, while ACP bananas accounted for 17% and EU production for the remaining 10.5%. The main MFN suppliers of bananas were Ecuador, Colombia and Costa Rica, with 1 328 033, 1 278 133 and 893 395 t. of imports. During the same year, the main ACP suppliers were Cameroon, Côte d'Ivoire and Dominican Republic, which exported 279 530, 216 583 and 170 396 t.

Cape Verde, Grenada, Madagascar, and Somalia no longer export bananas to the EU.

4. EU TRADE REGIME

Since 1 January 2006, the EU applies an MFN tariff of €176/t. to banana imports, in line with the EU's commitments to move from its previous quota system to a tariff-only regime. Statistics monitoring the impact of the new regime on imports show that it maintains market access conditions, with increased imports.

During this period, bananas originating in least developed countries (LDCs) have enjoyed duty and quota free access to the EU market under the Everything But Arms (EBA) initiative. The same applies since 1 January 2008, to bananas originating in ACP countries which have concluded agreements establishing, or leading to Economic Partnership Agreements (EPAs). All non-LDC ACP countries that exported bananas in 2007 initialled or signed an interim or full EPA.

4 Commission Decision C/2007/1744.
5 Commission Decision C/2008/1424.
6 The previous report covered 2005 and 2006: COM(2006)806 final.

5. FINANCIAL DECISIONS

5.1. Budget line 2007

After approval of the Financing Proposals, the 12 Financing Agreements were signed in early 2008 for €28.67 million (Table 1).

Some 42% of the funds are dedicated to improving the competitiveness of the banana export sector in 4 beneficiary States and 58% of the funds to diversification in 8 beneficiary States (Charts 1 and 2).

5.2. Budget line 2008

After approval of the Financing Proposals, the 12 Financing Agreements were signed in early 2009 for €29.23 million (Table 1).

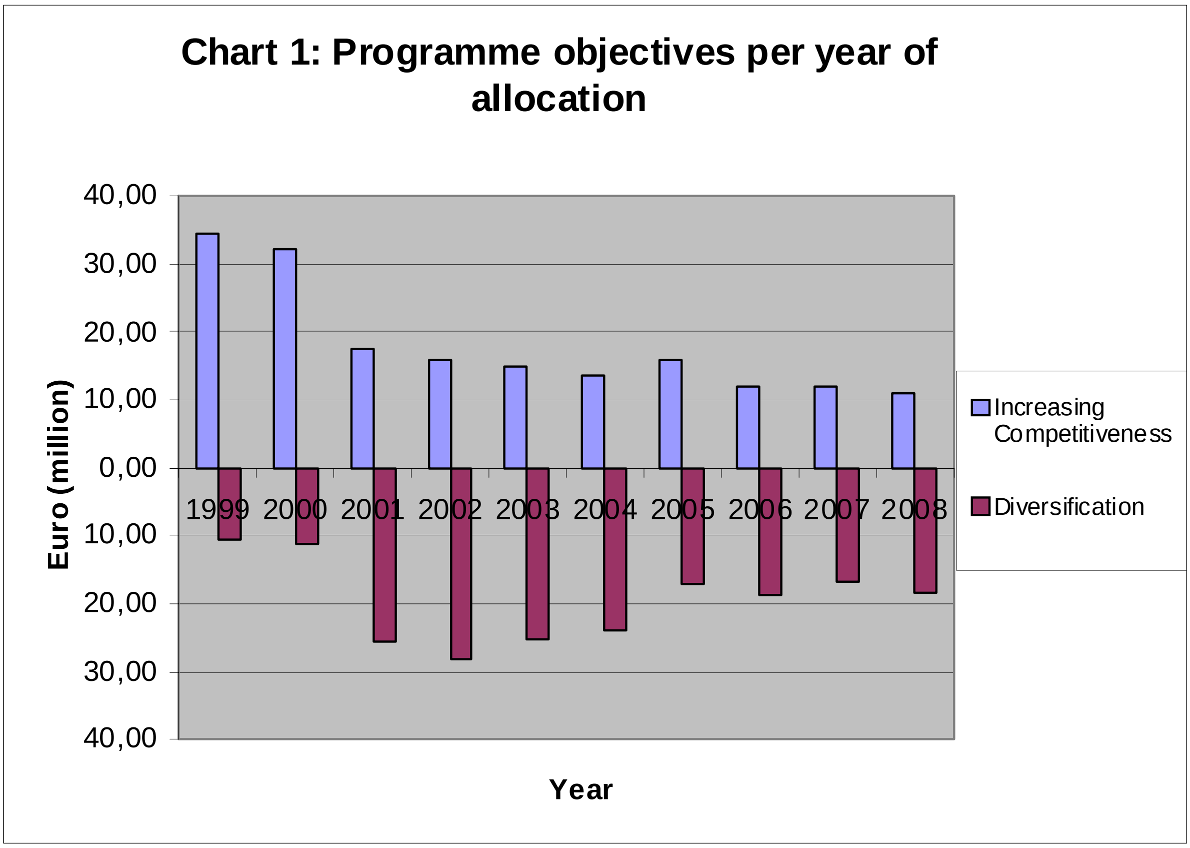
Table 1: Banana Budget Line 21 06 05 (ex B7-8710) 1999 – 2008											
Caribbean Countries	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**Total**
Belize	3 100 000	3 100 000	3 450 000	3 500 000	3 200 000	2 930 000	2 490 000	2 110 000	1 800 000	2 039 000	**27 719 000**
Jamaica	5 300 000	5 300 000	5 000 000	4 700 000	4 400 000	4 830 000	4 110 000	3 .490 000	2 970 000	2 525 000	**42 625 000**
Dominica	6 500 000	6 500 000	6 700 000	6 400 000	5 900 000	5 300 000	4 510 000	3 830 000	3 260 000	3 603 000	**52 503 000**
St Lucia	8 500 000	8 875 000	9 200 000	8 800 000	8 000 000	7 260 000	6 170 000	5 410 000	4 600 000	4 808 000	**71 623 000**
St Vincent	6 100 000	6 450 000	6 400 000	6 100 000	5 600 000	5 330 000	4 530 000	3 850 000	3 270 000	3 463 000	**51 093 000**
Grenada	1 000 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	**5 500 000**
Suriname	3 100 000	2 700 000	2 700 000	2 500 000	2 200 000	2 310 000	1 960 000	1 670 000	1 420 000	1 207 000	**21 767 000**
Sub-total	**33 600 000**	**33 425 000**	**33 950 000**	**32 500 000**	**29 800 000**	**28 460 000**	**24 270 000**	**20 860 000**	**17 820 000**	**18 145 000**	**272 830 000**
African Countries											
Cameroon	6 200 000	5 700 000	5 600 000	5 100 000	4 500 000	4 380 000	3 720 000	3 210 000	4 260 000	4 607 000	**47 277 000**
Côte d'Ivoire	4 700 000	4 350 000	2 850 000	2 600 000	2 100 000	1 380 000	3 750 000	4 120 000	4 310 000	4 386 000	**34 546 000**
Somalia	NA	NA	600 000	2 800 000	2 600000	2 070 000	1 760 000	1 500 000	1 280 000	1 088 000	**13 698 000**
Cape Verde	NA	600 000	NA	500 000	500 000	500 000	500 000	500 000	500 000	500 000	**4 100 000**
Madagascar	NA	NA	NA	500 000	500 000	500 000	500 000	500 000	500 000	500 000	**3 500 000**
Sub-total	**10 900 000**	**10 650 000**	**9 050 000**	**11 500 000**	**10 200 000**	**8 830 000**	**10 230 000**	**9 830 000**	**10 850 000**	**11 081 000**	**103 121 000**
GRAND TOTAL	**44 500 000**	**44 075 000**	**43 000 000**	**44 000 000**	**40 000 000**	**37 290 000**	**34 500 000**	**30 690 000**	**28 670 000**	**29 226 000**	**375 951 000**

Some 37% of the funds finance activities improving the competitiveness of the banana export sector in three beneficiary ACP States. Some 63% of the funds are dedicated to diversification in the remaining beneficiary States (Chart 1).

5.3. Programme objectives

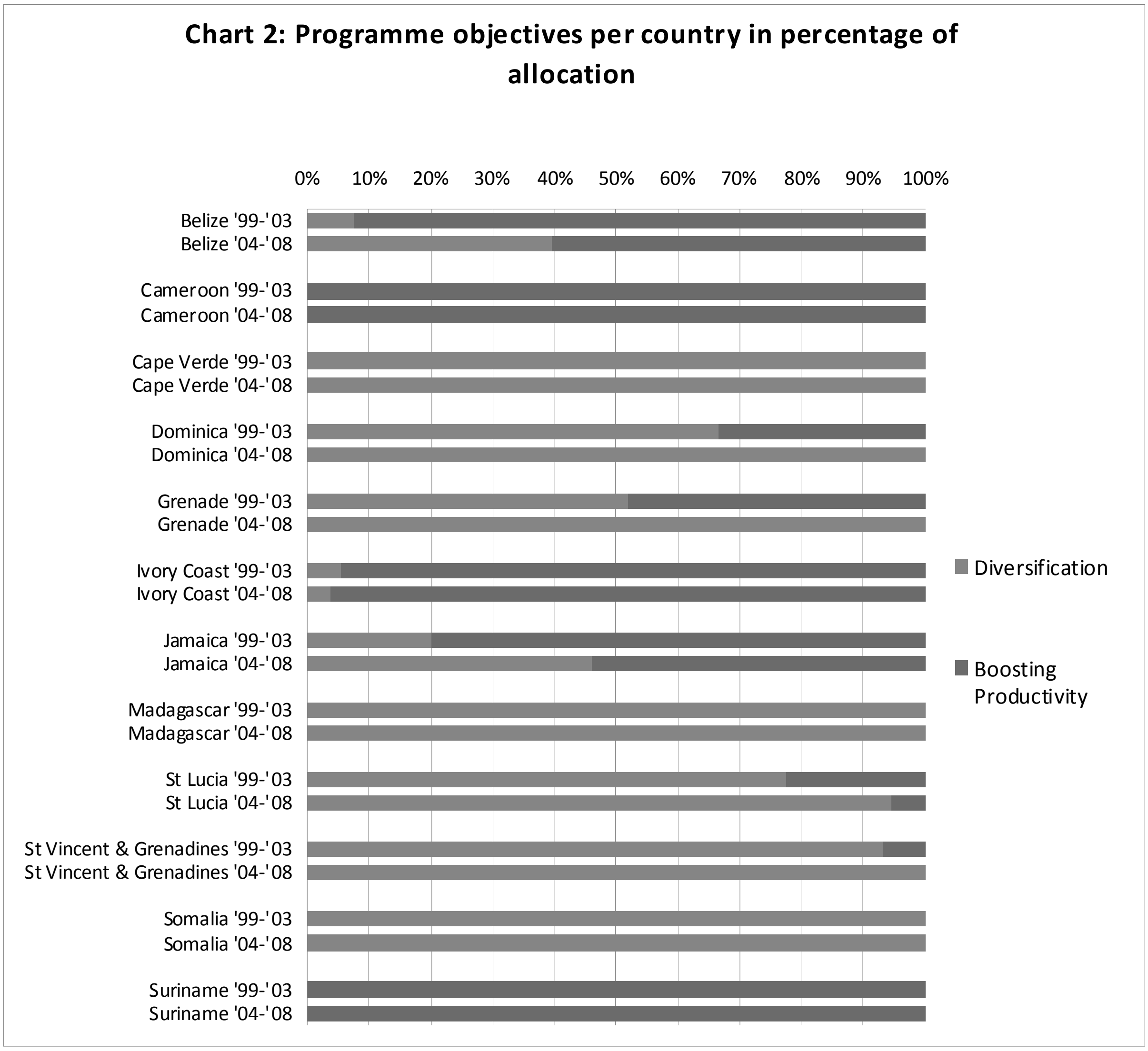
5.3.1. Response Strategies 1999 – 2008

The initial Banana Support Strategies targeted competitiveness in most countries, and agricultural diversification in Cape Verde, Madagascar and Somalia. St Vincent combined both objectives.



The strategies were updated around 2002, shifting the objective for the Windwards to diversification.

In both Belize and Jamaica, the revised strategies allocated a larger amount to rural development to stimulate agricultural diversification, as lower exports (Jamaica) and higher productivity and efficiency (Belize) reduced the need for unskilled labour and excluded the smallest banana growers from the export market.



5.3.2. *Improving Competitiveness*

Projects to improve banana exporters' competitiveness continued in three countries in 2005-2008. In 2007 - 2008, Belize allocated more funds to diversification. Jamaica used only a limited amount of funds to improve competitiveness despite suffering from major hurricanes in both years.

The activities supported under this objective are:

- Renewal of plantations in Cameroon, Suriname, and Jamaica.
- Investments to acquire/maintain EurepGAP and/or ISO 14001 quality certifications[7] in Belize, Cameroon, Côte d'Ivoire, Jamaica and Suriname.
- Handling, packaging and storage in Cameroon, Côte d'Ivoire and Suriname.
- Social infrastructures on plantations and social micro-projects for plantation workers in Belize, Cameroon and Côte d'Ivoire.

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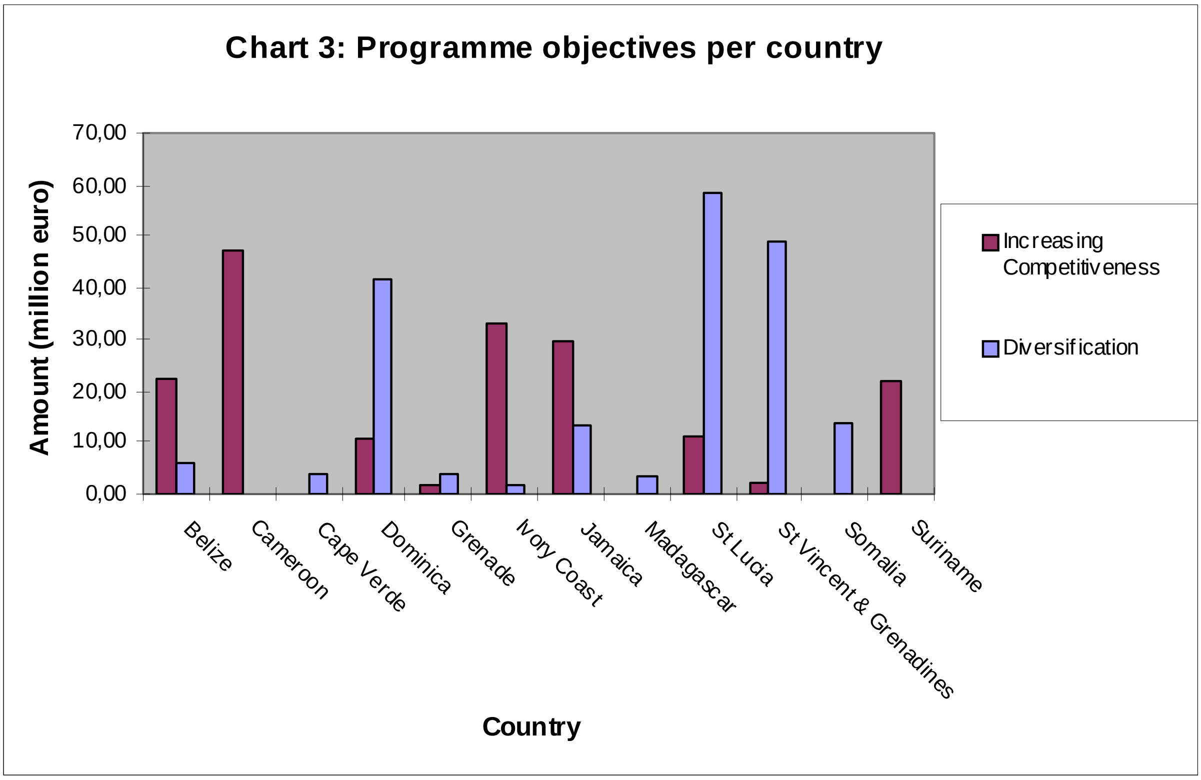
[7] Quality standards are imposed by larger European retailers.

- Technical Assistance in Cameroon, Côte d'Ivoire and Jamaica and institutional support for Belize and Jamaica.

Programmes supporting the competitiveness represented almost 48% of the total allocations between 1999 and 2008. In 2007 and 2008 they fell to 42% and 37%.

The 4 countries still supporting this objective (Belize, Cameroon, Côte d'Ivoire and Suriname) have maintained or increased the quantities exported to the EU in the period 2006-2008.

The quantities exported by Jamaica were affected by hurricane damage in 2007 - 2008: 32 000 t. in 2006, 18 000 t. in 2007 and 0 in 2008.



5.3.3. Diversification

Supporting diversification was chosen by 8 countries in 2007 and 9 in 2008. Cape Verde, Dominica, Grenada, Madagascar, Somalia, St Lucia and St Vincent either stopped exporting or saw their banana exports substantially reduced between the early 1990s and 2002. Dominica, St Lucia and St Vincent have managed to maintain exports since 2003 at a lower level (approximately 20%-33% of 1993 volumes). Belize and Jamaica shifted to diversification in 2007 and 2008 (Chart 6).

The 2007 - 2008 programmes include:

- Investments in tourism, to provide alternative employment for banana farmers and workers in the Eastern Caribbean.
- Agricultural diversification towards horticulture targeting local market in Madagascar and the tourism industry as well as local markets in the Eastern

Caribbean and in Jamaica; institutional support to strengthen agricultural extension services.

- Strengthening the Eastern Caribbean tourism and/or private sectors.
- Rural development in Belize, Cape Verde, Jamaica and Somalia (including investments in small scale irrigation).
- Technical assistance and institutional support in all 9 countries.

6. IMPLEMENTATION

6.1. General

Although the scheme expired in December 2008, ongoing programmes will run for some more years.

Programmes are implemented under centralised management (Grenada, Suriname, Cameroon, and Somalia) and partially decentralised management (Belize, Jamaica, Dominica, St Lucia, St Vincent, Cape Verde, Côte d'Ivoire and Madagascar).

6.2. Commitments

Overall, the implementation of the programmes increased rapidly since 2007, aided by the measures taken. Both commitments and disbursements in 2007 and 2008 were substantially higher than allocations (Chart 4 and Table 1), reducing delays.

Table 2: Commitments and disbursements

	EUR
TOTAL ALLOCATIONS CARIBBEAN + AFRICA 1999 - 2008	375.951.000,00
COMMITMENTS CARIBBEAN + AFRICA 1999 - 2008	281.020.642,64
PAYMENTS CARIBBEAN + AFRICA 1999 - 2008	195.151.162,19
RAC CARIBBEAN + AFRICA 1999 - 2008	94.930.357,36
RAL CARIBBEAN + AFRICA 1999 - 2008	180.799.837,81

	EUR	
Allocations Caribbean + Africa 2006 - 2008	88.586.000,00	
Commitments Caribbean + Africa 2006 - 2008	15.585.626,72	17,6%
Allocations Caribbean + Africa 2003 - 2005	111.790.000,00	
Commitments Caribbean + Africa 2003 - 2005	105.360.348,52	94,2%

As of end 2008, 73% had been committed to contracts, compared to 48% committed by end 2006 (Table 3). It has taken on average two years after Financing Decisions to commit most funds to planned contracts. Efforts are being made to reduce the time lag to a maximum of 18 months for funds allocated in 2007 - 2008. The aim is to commit most funds in 2010 apart from ex post evaluations and audits.

The total RAC[8] was 27% at end 2008, compared to 52% at end 2006.

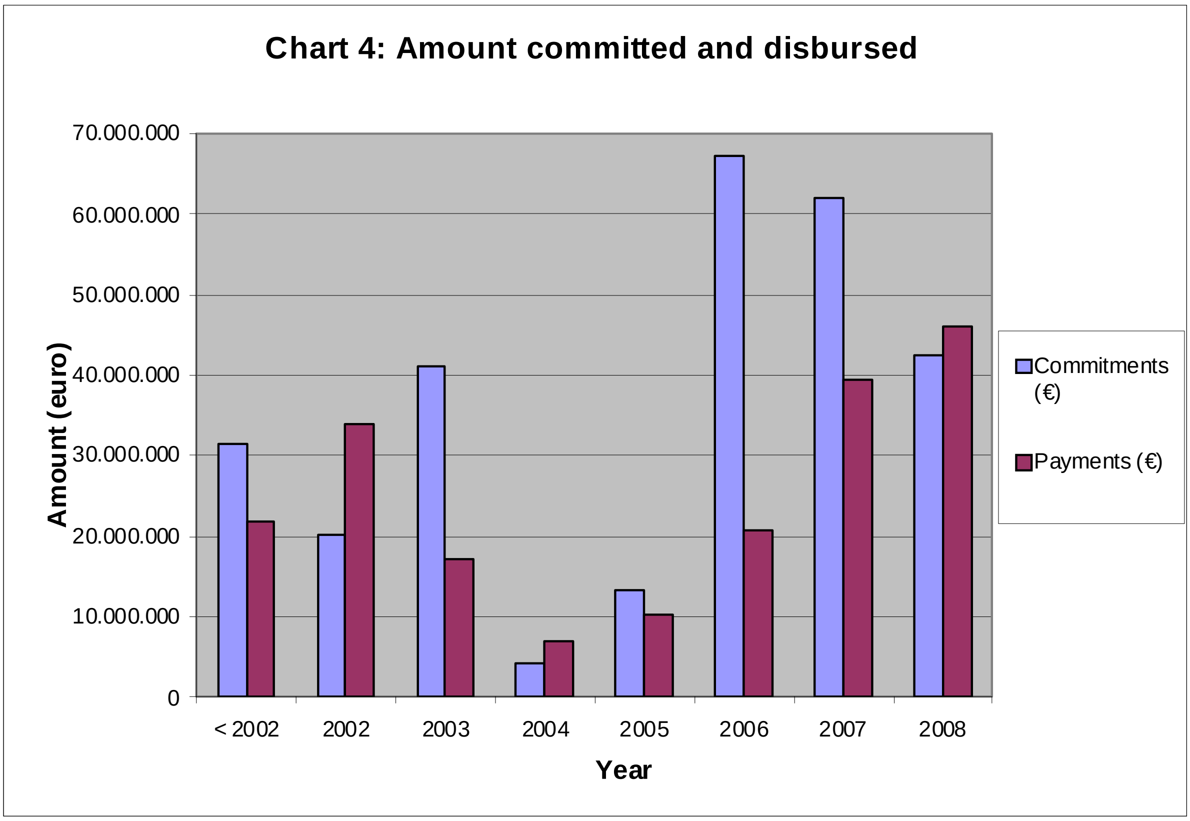
8 RAC or Remainder to be Contracted indicates the percentage of funds allocated to the project for which no works, supply, services or grant contracts or programme estimates, have been signed.

Table 3: Financial Status per year of allocation

All Countries	Year	Allocations (€)	Commitments (€)	Payments (€)	RAC (€)	RAC %	RAL (€)	RAL %
	1999	44 500 000.00	43 475 608.78	42 095 728.17	1 024 391.22	2%	2 404 271.83	5%
	2000	44 075 000.00	39 934 158.83	33 462 635.64	4 140 841.17	9%	10 612 364.36	24%
	2001	43 000 000.00	40 483 859.31	34 977 171.91	2 516 140.69	6%	8 022 828.09	19%
	2002	44 000 000.00	36 181 040.48	22 480 047.18	7 818 959.52	18%	21 519 952.82	49%
	2003	40 000 000.00	37 249 522.44	23 573 857.92	2 750 477.56	7%	16 426 142.08	41%
	2004	37 290 000.00	35 385 028.32	20 854 670.49	1 904 971.68	5%	16 435 329.51	44%
	2005	34 500 000.00	32 725 797.76	12 574 525.20	1 774 202.24	5%	21 925 474.80	64%
	2006	30 690 000.00	13 496 220.72	4 420 564.68	17 193 779.28	56%	26 269 435.32	86%
	2007	28 670 000.00	2 089 406.00	711 961.00	26 580 594.00	93%	27 958 039.00	98%
	2008	29 226 000.00	0.00	0.00	29 226 000.00	100%	29 226 000.00	100%
Sub-total		375 951 000.00	281 020 642.64	195 151 162.19	94 930 357.36	25%	180 799 837.81	48%
	Studies	900 000.00	695 731.50	635 195.31	204 268.50	23%	264 804.69	29%
Total		**376 851 000.00**	**281 716 374.14**	**195 786 357.50**	**95 134 625.86**	**25%**	**181 064 642.50**	**48%**

6.3. Disbursements

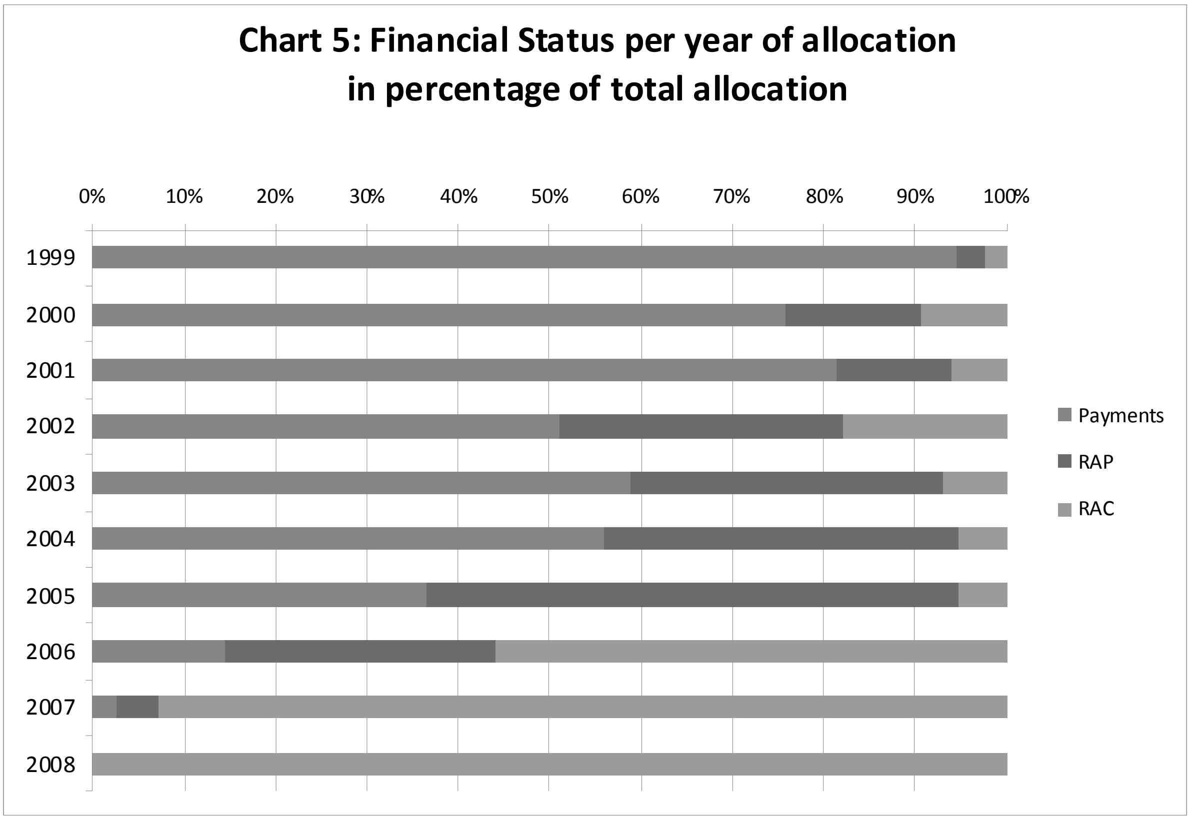
Overall disbursements stood at 52% at end 2008, a major improvement compared to 35% at end 2006 (Table 3).



Disbursements have increased since 2005, reaching €46 million in 2008 - more than double compared to 2006. Delays have been substantially reduced. Payments plus the RAP[9] equal commitments.

Disbursements are expected to reach €60 million in 2009 and 2010. Remaining funds should be disbursed in 2011 - 2012 apart from ex post evaluations and audits.

9 RAP or Remainder to be Paid indicates the percentage of funds committed or contracted in contracts but not yet been paid or disbursed.



The total RAL[10] was 48% at end 2008, compared to 65% at end 2006.

6.4. Progress at country level

ACPs focusing on improving competitiveness (Belize, Jamaica, Suriname, Cameroon, and Côte d'Ivoire) implemented their programmes faster and therefore have lower RACs (19% - 24%) and RAL's (35% - 56%) (Table 4).

ACPs focusing on diversification (Dominica, Grenada, St Lucia, St Vincent, Cape Verde, Madagascar and Somalia) have been able to speed up implementation since 2006. However the RACs (19% - 74%) and the RALs (32% - 81%) are more variable and higher than the overall averages of 25.3% (RAC) and 48.1% (RAL).

[10] RAL or Remainder to be Liquidated indicates the (percentage of the) funds allocated to the programme not yet paid/disbursed. This includes the Remainder to be Paid (RAP) on existing implementation contracts.

Table 4: Financial Status per Country

	Allocations (€)	Commitments (€)	Payments (€)	RAC (€)	RAC %	RAL (€)	RAL %
Belize	27 719 000 00	21 749 415.38	15 959 198.62	5 969 584.62	22%	11 759 801.38	42%
Jamaica	42 625 000.00	34 656 171.84	27 664 349.83	7 968 828.16	19%	14 960 650.17	35%
Dominica	52 503 000.00	39 472 434.09	22 441 384.45	13 030 565.91	25%	30 061 615.55	57%
St Lucia	71 623 000.00	50 239 673.65	33 004 820.80	21 383 326.35	30%	38 618 179.20	54%
St Vincent	51 093 000.00	41 290 569.20	23 600 296.00	9 802 430.80	19%	27 492 704.00	54%
Grenada	5 500 000.00	3 887 119.97	3 224 044.47	1 612 880.03	29%	2 275 955.53	41%
Suriname	21 767 000.00	16 315 936.67	12 176 565.69	5 451 063.33	25%	9 590 434.31	44%
Sub-total Caribbean	272 830 000.00	207 611 320.80	138 070 659.86	65 218 679.20	23.9%	134 759 340.14	49.4%
Cameroon	47 277 000.00	35 349 181.62	29 869 122.30	11 927 818.38	25%	17 407 877.70	37%
Ivory Coast	34 546 000.00	22 655 888.96	15 333 367.71	11 890 111.04	34%	19 212 632.29	56%
Somalia	13 698 000.00	12 350 524.26	9 301 680.17	1 347 475.74	10%	4 396 319.83	32%
Cape Verde	4 100 000.00	1 053 727.00	776 332.15	3 046 273.00	74%	3 323 667.85	81%
Madagascar	3 500 000.00	2 000 000.00	1 800 000.00	1 500 000.00	43%	1 700 000.00	49%
Sub-total Africa	103 121 000.00	73 409 321.84	57 080 502.33	29 711 678.16	28.8%	46 040 497.67	44.6%
GRAND TOTAL	**375 951 000.00**	**281 020 642.64**	**195 151 162.19**	**94 930 357.36**	**25.3%**	**180 799 837.81**	**48.1%**

7. IMPACT MONITORING

7.1. General

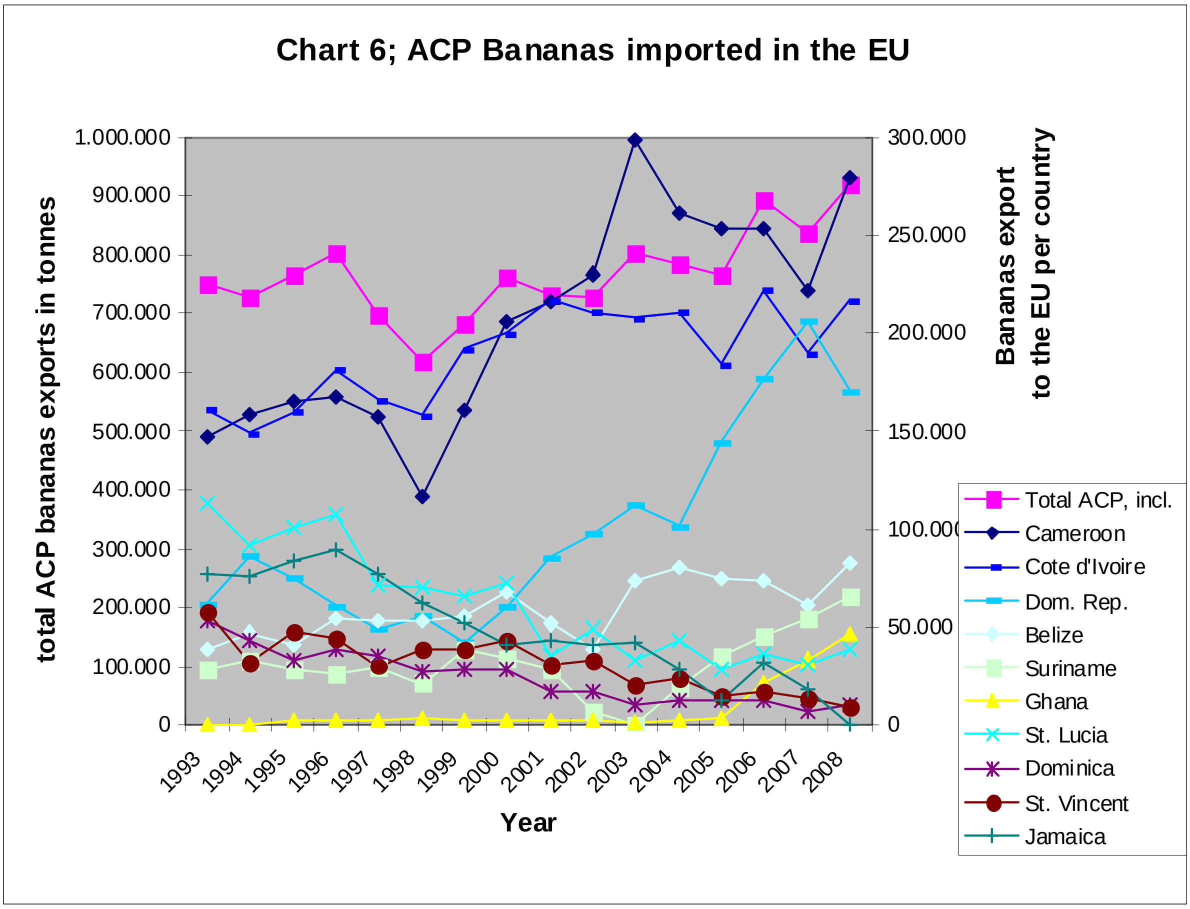
An external evaluation commissioned in 2008 and completed in the first quarter of 2009, involved missions to 8 countries (Belize, Cameroon, Côte d'Ivoire, Dominica, Jamaica, St Lucia, St Vincent and Suriname). In general the results reported for the Eastern Caribbean apply also for the 4 countries not visited.

On-going programmes were evaluated in terms of:

- Relevance and validity of objectives
- Validity of medium-term response strategies per country
- Efficiency and effectiveness of SFA
- Results and impacts of planned activities on the competitiveness of the exporting banana producers
- Results and impacts of planned diversification activities on (ex-) banana planters and (ex-) banana sector workers
- Sustainability of programmes

7.2. Relevance of country strategies

Strategies enhancing competitiveness have proven their relevance and were clear and achievable in those countries which 1) demonstrated strong commitment to this goal; 2) had favourable agronomic characteristics; 3) already had highly commercially structured sectors and 4) were in a position to transform the banana sector into a more technological and commercial sector (Belize, Cameroon, Côte d'Ivoire, Suriname and, initially, Jamaica). Their SFA programmes prioritised increasing productivity, improving product quality and environmental friendliness, training, niche marketing etc. Their strategies also recognised changing market conditions and needs.



Successful diversification stems from a mix of macro, meso and micro-level initiatives. The countries' economic diversification agendas were unspecific, multi-sectoral and had varying priorities and time frames; programmes would have benefited from clearer guidelines.

On diversification, the evaluation found that:

- Too many projects and programmes were designed/implemented (e.g. in 2008 St Lucia had 64 on-going interventions valued at €69 million).
- Too many areas were targeted, e.g. tourism, roads, private sector development and agricultural development, reducing the prospects for any significant impact.

7.3. Impact

The banana industry plays a crucial role in Belize, Cameroon, Côte d'Ivoire, Dominica, Jamaica, Suriname, St Lucia and St Vincent. In Dominica, St Lucia and St Vincent, banana exports represented 18.1%, 19.7% and 22.3% of the countries' total exports in 2006 (FAO 2008). By comparison, the banana sector accounted for 9% and 7% of exports by Cameroon and Côte d'Ivoire.

The SFA programmes have made valuable contributions to improving the competitiveness of Belize, Cameroon, Côte d'Ivoire and Suriname, offering them stronger prospects for survival in a more liberalised environment.

The share of traditional Caribbean suppliers declined from 52.3% of total ACP banana imports in 1992 to 13% in 2008. At the same time, African imports rose from 37.4 % of total ACP bananas in 1992 to 59% in 2008, and exports from the Dominican Republic (not an SFA beneficiary) and Belize rose from 10% of total ACP bananas in 1992 to 28% in 2008.

Suriname is a success story. Also thanks to SFA support, the industry has been revived and transformed into an efficient exporter, the only traditional ACP producer to register positive export growth in 2006 - 2008.

The evaluation report suggests that activities can be expected to be sustainable over the short to medium term. Whether Belize, Cameroon, Côte d'Ivoire and Suriname can remain competitive under a different tariff schedule will depend almost entirely on their capacity to increase productivity beyond 2009.

It is too early to ascertain what effects SFA support has on economic stability and diversification since only about 50% of allocations have been disbursed as of end 2008. Also, the larger diversification investments are in physical infrastructure-related activities (roads, buildings etc) with considerable time lags before efficient utilisation of these assets can be achieved.

The impact could not be quantified as 1) changes in EC financial rules led to slower disbursements and time extensions for roughly half of the activities under SFA 2003 - 2005; 2) the Objectively Verifiable Indicators for some countries e.g. Côte d'Ivoire and Cameroon, were not adequately developed and could not be used to assess impact, and 3) monitoring and data collection systems were not in place to generate cumulative information on expected and/or actual results, e.g. Belize.

However, as a result of SFA support, the Eastern Caribbean States are now focussing on prerequisites for successful economic diversification. This shift away from traditional dependency on bananas to other opportunities is now embedded in their development plans.

The current focus on strengthening essential infrastructure (St Vincent and Dominica), improving rural education (Belize), private sector development (St Vincent and St Lucia), incorporation of ICT education in school curricula, tourism master planning and social support systems will eventually produce positive results. Diversifying countries are now much more committed to building capacity to diversify on a sustainable basis.

The SFA programmes had a positive effect on target populations and communities, by funding specific social investments (i.e. Social Investment Funds, rural development schemes, education and health).

In the competitiveness-oriented countries, the banana sector is now more closely aligned to market requirements and EU environmental policies and standards. Market-dictated production protocols (e.g. EurepGAP and ISO 14001) have improved on-farm working conditions, enhanced prospects for soil conservation and reduced the negative environmental impact. In order to obtain European certification, producers were forced to use inputs more rationally and to reduce overall use of agrochemicals, packaging materials, machinery, and power.

The sustainability of diversification initiatives depends on the governments' commitment to incorporate those activities into annual budgetary allocations and expenditure plans. The evaluation found that diversification countries are using SFA resources to build national capacities to address broader and longer term economic diversification challenges and goals.

8. CONCLUSIONS AND RECOMMENDATIONS

The Commission made efforts to speed up execution while preserving quality, completed the adaptations required in ongoing SFA projects and reviewed/programmed those approved in 2006, 2007 and 2008. Actual disbursements from all SFA programmes increased from €21 million in 2006 to €46 million in 2008. Disbursement of all programmes will be completed in 2012 (apart from ex post evaluations and audits).

The Staff Working Document includes an overview of the recommendations made in the 2006 Monitoring and Impact Evaluation Report (COGEA, 2006) and the actions taken. Across all 8 countries reported in the 2008 Monitoring and Impact Evaluation Report (HTSPE, 2009), there was marked progress in both competitiveness and diversification related issues.

Some progress towards improved competitiveness and increased diversification

The programmes made substantial contributions to achieving the objectives:

(1) Improved competitiveness in Belize, Cameroon, Côte d'Ivoire and Suriname, although support could not compensate for the hurricane damage in Jamaica in 2005, 2007, and 2008.

(2) Improved capacity for successful economic diversification in Eastern Caribbean and for agricultural diversification (where monitored) in Somalia, Cape Verde and Madagascar, although the full impact cannot yet be quantified.

In the **competitiveness**-oriented countries, the banana sector is now more closely aligned to market requirements and EU environmental policies and standards, establishing the basis for sustainable business development.

The implementation of recommendations made in the previous report has resulted in notable improvements in the timeliness and quality of implementation in Belize, Jamaica and the Windward Islands. This aspect was less relevant for both Cameroon and Côte d'Ivoire, which benefit from more diversified sources of finance and thus were less dependent on support.

In countries where **diversification** is a priority, efficiency suffered from a lack of focus, many very small investments, averaging around €1 - €1.5 million, with limited potential for real impact. Furthermore, linkages between the various initiatives are still limited and fragile.

The external evaluation recommended that ACP countries committed to diversification should review the contributions of their SFA portfolios to their economic diversification agenda at a macro level. This should include an assessment of the cohesiveness of such programmes and facilitate formulation/upgrading of each country's diversification strategy, with clear priorities including the quantity and sources of financial resources needed to support and institutionalise key activities.

In order to improve both monitoring and evaluation of the impact of diversification programmes, it also recommended updating and improving the logical frameworks and their use as programme management tools to ensure that implementing agencies are continually aware of and working towards expected results and actively measuring agreed indicators.

Sustainability of ACP banana exports still fragile

The prospects for sustained competitiveness are largely dependent on 1) the outcome of ongoing international trade negotiations and 2) the capacity of countries to achieve further productivity gains and cost savings.

The strategies pursued by some countries have lacked a realistic assessment of challenges created by the international market situation and future potential implications of the conclusion of WTO and ongoing bilateral trade negotiations. Results can be delivered where countries 1) demonstrate strong commitment to adjust to international developments, 2) have favourable agronomic characteristics, and 3) already have highly commercially structured sectors.

Challenges remain for banana-exporting countries. They need to address them together and with international support. The international community, including the EU, has attached greater importance to assisting developing countries in increasing their competitiveness of the whole economy and making better use of international trade opportunities. EU Aid for Trade does not focus on just individual sectors. One prerequisite for success is to draw and update multi-stakeholder strategies for developing trade and integrating into the international trading system.

The SFA's implementation over ten years allowed recipient countries to plan strategically and will remain a useful reference point for future action.