



<b>Programme:</b>	<i>Technical Assistance to the Integration to the Multilateral Trading System and Support to the Integrated Framework</i>
<b>Country/Region:</b>	<b>The Union of Comoros</b>
<b>Project title:</b>	<b>Assistance to the Union of Comoros in its Accession process to the WTO</b>
<b>Source of Financing:</b>	<b>Third Programme Estimate - Activity n°097-13</b>

## **ANNEX II: TERMS OF REFERENCE**

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## 1. BACKGROUND INFORMATION

### 1.1 Beneficiary

The Ministry of Economy of the Union of the Comoros

### 1.2 Contracting Authority

The General Secretariat of the ACP Group is the Contracting Authority for this project with the Programme Management Unit (PMU) of the ACP MTS PROGRAMME acting on behalf of the Regional Authorising Officer for the European Development Project N°2013/318-040.

### 1.3 Background information

The Union of the Comoros is a small archipelago with an estimated population of 734.750 (2010) covering a territory of about 1,800 square kilometres. Comoros has a high population density of about 390 inhabitants per square kilometre and a population growth rate estimated at 2.4%. An estimated 53% of the population is younger than 20-years-old. With a gross domestic product (GDP) estimated at US\$540 million in 2010, Gross National Income (GNI) per capita is about US\$750. Some 45% of the population lives below the poverty line. Comoros is part of the LDC Group and ranked 163 out of 187 countries on the United Nations Human Development Index in 2011.

Comoros is a fragile state with a long history of political and institutional instability. The country has experienced 21 coups and coup attempts since it declared independence from France in July 1975. While a new constitution creating the Union of the Comoros has allowed the establishment of a more representative institutional structure and stable political environment, the resulting administrative structure has proven costly and cumbersome.

The economy of Comoros is characterized by limited resource endowments, a small domestic market, weak institutional capacity and a narrow export base. As a result, the economy is particularly vulnerable to external shocks. The economy is centred on the primary sector and retail services, which account respectively for 51% and 18% of GDP. The primary sector is geared towards the production of three high-value export crops: vanilla, cloves and ylang-ylang, which provide the bulk of export earnings (around 95%). Comoros is the world's largest producer of ylang-ylang, and a large producer of vanilla. Production of food crops, mostly bananas, copra, and tubers, as well as fishing for local consumption remains underdeveloped.

Comoros' prolonged political conflicts, fragile political economy, institutions and environment, continue to undermine its development potential. Economic shocks, microeconomic imbalances and the debt burden have also had a negative impact on both growth and poverty reduction.

Low levels of real GDP growth are explained by contributory factors such as declining investment, drops in consumption, rising inflation, and an increase in trade imbalance due in part to lowered cash crop prices, especially vanilla. High international oil and food prices continue to penalize this highly import-dependent economy. Moreover, fiscal policy is constrained by wild swings in fiscal revenues, a bloated civil service wage bill, and an external debt that is far above the HIPC threshold. Comoros' membership in the franc monetary zone has injected required stability mainly by containing inflation. The economy has recently benefited from sustained growth triggered in the main by high levels of remittances, increased external aid and improved financial intermediation and supply of credit to the private sector.



## 1.4 Current Situation

The Union of the Comoros' foreign trade relations are defined by its membership in both Common Market of Eastern and Southern Africa (COMESA) and Organisation for the Harmonisation of Business Law in Africa (OHADA). Beyond this, the country is also actively contributing to negotiations of the Tripartite Free Trade Area (TFTA) between COMESA, the SADC and the EAC. Comoros is also seeking to accede to the WTO with a Working Group established in 2007. In spite of the path toward WTO membership, Comoros' progress towards trade liberalization has fallen short of its own objectives. The realised trade openings have placed the country in a position where it faces major challenges and strategic choices in order to adapt. All of this is taking place in a context where the Comoros is already highly vulnerable to external shocks, being net importers of mass consumption goods and services with a narrow export production base.

The appointment of a new broad-based national government in May 2011 helped to trigger an improvement in the difficult relations between the Union government and the local government authorities of the islands. The standoff between the islands and the federal capital previously prevented the Union from developing coherent economic legislation and introducing the necessary economic reforms. The country therefore requires assistance more urgently than ever so that on the one hand, it can implement trade policies and strategies in keeping with well-defined objectives, while on the other hand participating effectively and efficiently in the WTO accession process.

The WTO accession process of the Comoros is now well underway with the release of the memorandum on its foreign trade regime in July 2013. The receipt of the Memorandum has triggered the Working Party process. The first phase of the Working Party process is devoted to the collection of factual information on the trade regime of the applicant. This fact-finding stage is needed in order to provide both WTO Members and the applicant with a basis for their work. It has two main purposes, namely (a) to clarify any changes that the applicant will need to make in order to bring laws, regulations and administrative practices into conformity with WTO requirements; and (b) to provide a baseline for the negotiations that will take place on market access for goods and services. WTO Members submit their questions to the applicant asking for clarifications or additional data where necessary. The Union of Comoros has until January 31, 2014 to respond to the slate of questions already submitted. Only when written answers have been received from the applicant and an adequate factual basis obtained does the Working Party hold its first meeting. If the Comoros meets the expectations of WTO Members, the Working Party is expected to convene sometime in the first semester of 2014.

## 2. REQUEST

In order to effectively launch the first meeting of the Working Party and advance its WTO accession process, the Union of Comoros is required to adequately respond to a series of questions already submitted. This fact-finding process injects clarity on areas of Comoros' possible consistency with WTO Agreements.

The WTO accession is a long and arduous process, especially for an LDC such as the Union of Comoros. In addition, this process requires intense preparation and sustained coordination between the relevant government departments, as well as awareness of the process requirements and expectations of WTO Members. Due to its severe capacity constraints, especially lack of human resources, The Union of Comoros made a request for assistance to the ACP-MTS Programme that covers the very first stage of the WTO accession process, including:



- legal and technical assistance during the Questions / Answers phase;
- preparation of the first meeting of the Working Group;
- analysis of the reforms needed to adapt the trade regime to WTO requirements while respecting the objectives of national development.

The overall objective of this intervention is to provide significant assistance to policymakers and official trade negotiators of the Union of Comoros to define, articulate and defend the interests related to the trade and development of the country during the negotiations of the accession process to the WTO.

### **3. ACTIVITIES**

#### **3.1 Purpose**

The purpose of this project is to assist the government of the Union of Comoros to adequately navigate through the question and answer phase that will precede the first meeting of the Working Group for the accession process of the Comoros to the WTO.

#### **3.2 Results to be achieved by the Consultant**

- The negotiating team will be able to formulate answers to questions submitted by WTO Members at the meeting of the Working Party;
- the negotiating team, especially the Comorian delegation is prepared for meetings of the Working Group (established strategy, opening and closing speeches prepared, etc.);
- the Permanent Representation of the Union of the Comoros in Geneva strengthens its expertise in managing the WTO accession process;
- Recommendations on the harmonization and reform of laws / regulations relating to the main sections of the trade regime in particular goods, services, investment, intellectual property, SPS / TBT to ensure their compliance with WTO Agreements are developed.

### **4. BUDGET**

The ACP MTS Programme will contract the selected expert with a fee-based contract of a total value of EUR 16,000.00 (direct agreement).

### **5. TIME FRAME**

The project will commence on signature of the contract, with delivery latest on January 31st, 2014 (estimated 4 weeks' work). The expert is expected to be based in the Permanent Representation of the Union of the Comoros in Geneva to allow for direct interaction with all relevant stakeholders of this project.

### **6. DELIVERABLES**

The expected results will be a report delivered to the highest professional standards and at the satisfaction of the beneficiary. The Expert will be expected to review the accession process of the Union of the Comoros to the WTO and provide all assistance required to assist the Comoros in further advancing the process. S/he will be notably expected to take up Members' questions received by the Government and make recommendations on potential responses. The Expert will assist the officials of the Permanent Representation of the Union of the Comoros in Geneva throughout the process and provide on-the-job training activities as required. The Expert will liaise with all relevant stakeholders to ensure strong coordination between the capital-based officials and the Geneva representatives.



The final deliverable of the assignment will be a technical report, written in French, listing all activities undertaken, the questions received, the answers proposed and the training activities undertaken. The report should bring clearer identification of areas of possible consistency and inconsistency of the Comorian regulations with the WTO agreements; the main points to be argued by the Comorian negotiating team and the recommendations issued. The completed report should also include an executive summary (3-pages) that should allow for easy digestion by Comorian stakeholders of the most salient issues.

## **7. REQUIRED PROFESSIONAL EXPERTISE**

### **Qualifications and skills**

- Graduate degree in Law, International Trade, Economics, Business Administration, or equivalent(PhD or Masters);
- Fluency in spoken and written French with excellent report writing and drafting skills in French;
- Strong legal professional experience, with deep grasp of Comorian legal system and administrative procedures being an asset;
- Experience in reviewing and assessing laws and regulations and identifying changes to be made to meet international standards and/or best practices;

### **General professional experience**

- At least 7 years' relevant professional experience on review and update of existing trade policy development and reform;
- Strong analytical command of international trade issues;
- Strong understanding of African economic and trade policy environment; and
- Strong experience in market analysis / strategy development;

### **Specific professional experience**

- In-depth knowledge on the legal/policy implications of WTO Agreements;
- Strong experience in reviewing and drafting laws and domestic regulations on trade;
- Strong knowledge of the trade challenges facing LDCs is required.