Annex

1. IDENTIFICATION

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>10th European Development Fund (EDF) Technical Cooperation Facility (TCF) CRIS n° 22060</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>EUR 5,000,000 – Envelope A</td>
</tr>
<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach – Partially decentralised management</td>
</tr>
<tr>
<td>DAC-code</td>
<td>43010 Sector Multi-sector</td>
</tr>
</tbody>
</table>

2. RATIONALE

2.1. Sector context

Although the ACP-EU Partnership Agreement recognises regional integration as one of the major strategies for the integration of ACP States into the global economy, it is acknowledged that progress has been constrained by the lack of ownership and relatively low levels of understanding of regional integration, both at regional and national levels. This constraint is illustrated by the limited provision for regional integration specific activities in Southern Africa Development Community (SADC) Member State (MS) 10th EDF Country Strategy Paper/National Indicative Programmes (CSP/NIP), the continuing issue of Member State multiple memberships in regional economic communities (RECs) and the slow pace of integration in terms of Member States meeting the targets set by the SADC Common Agenda and the Regional Indicative Strategic Development Plan (RISDP).

For accelerating the integration process the challenge for SADC MS is to “think regionally while acting nationally”. In this context a weakness noted by the SADC Council of Ministers has been the lack of coordination and harmonisation between the regional and national levels in implementing regional integration measures and actions. This weakness may be ascribed to a number of issues, including: a failure to apply the principle of subsidiarity in implementing the RISDP; confusion in MS with multiple membership as to which integration process to follow; an apparent reluctance by MS to give full recognition to the coordination, harmonisation and monitoring role of the SADC Secretariat; and in part is due to the failure by MS to appreciate their own role and responsibilities in the integration process and to allocate sufficient own resources to the same.

To create greater understanding of regional integration and strengthen coordination, harmonisation and the development of the national-regional linkages, particularly in terms of EU cooperation through the CSPs/NIPs, the Economic Partnership Agreements (EPAs) and possible “Aid for Trade” (AfT) assistance at the SADC MS level, it is proposed that a 10th EDF Technical Cooperation Facility (TCF) be established. The TCF would support activities aimed at the implementation of the 10th EDF RSP/RIP and any successor arrangement, through deepening the assimilation of EU development cooperation into the regional/national axis.

2.2. Lessons learnt

The two guiding documents for economic, social and political integration (RISDP and the Strategic Indicative Plan for the Organ - SIPO) in the SADC region stresses the need for SADC MS to realign their priorities and refocus their policies and strategies to address the challenges of regional integration. The RISDP in particular emphasises good political, economic and corporate governance as prerequisites for sustainable socio-economic development. It is thus implicit in both RISDP and SIPO that the individual MS are the prime implementers of integration-oriented actions and measures, with the role of the SADC Secretariat being to coordinate policy harmonisation and to
monitor and evaluate the implementation by MS of regional policies and programmes. The experiences of implementing the 9th EDF RSP/RIP suggest that this principle of subsidiarity, is not necessarily comprehended or applied by the MS. As a result, activities have been implemented by the Secretariat, through both MS and EDF-financed projects, which could have been more appropriately implemented either at the Member State level or through specialised institutions in the region. This weakness is clearly identified in a number of mid- and end-of-term reviews of 8th and 9th EDF interventions.

By learning from the experiences of the 9th EDF RSP/RIP and through paying greater attention to the region/national link as a primary focus for integration, it is expected that the TCF will contribute to raising levels of awareness and knowledge, which in turn should result in more effective support for measures that deepen regional integration. The lessons of insufficient attention being given to the base situation in terms of preparedness for regional integration extend to the development of measures to support the implementation of the EC-SADC EPA. In this context the TCF will be used to assess and prioritise interventions that may be required for the implementation of the full EPAs.

2.3. Complementary actions

In addition to promoting the national/regional link for SADC MS, particularly in the context of the 10th EDF RSP/RIP focal sectors, the project will complement the objectives of the 10th EDF East and Southern Africa/Indian Ocean (ESA/IO) Regional Strategy Paper/Regional Indicative Programme (RSP/RIP) and the regional integration agendas of the Common Market East and Southern Africa (COMESA), the East African Commission (EAC) and the Indian Ocean Commission (IOC). Of significant importance in this regard will be the COMESA/EAC/SADC Tripartite process, which should provide both an impetus for a more pro-active harmonisation and convergence between the integration agendas of the three regions and an opportunity for collaboration in Aid for Trade (AfT) interventions.

2.4. Donor coordination

For assistance at both national and regional levels to be effective the process of donor support to regional integration will require careful coordination. To maximise benefits and avoid overlapping/duplication of programmes and projects, the EU Commission’s Delegation in Botswana has been chosen by a group of SADC cooperating partners to take the lead in donor co-ordination. The Delegation co-chairs with SADC both the Joint SADC-International Cooperating Partner (ICP) Task Force (JTF), which deals with overall coordination and the SADC-ICP Core Group (CG), which addresses the issue of capacity building and sector coordination. These bodies together with the SADC-ICP sector thematic groups provide the framework for coordination embodied in the Windhoek Declaration on partnership and aid effectiveness. The project will extend the coordination theme for integration through developing links with donor coordination at national level and participation in the Inter-regional Coordination Committee (IRCC).

3. DESCRIPTION

3.1. Objectives

The overall objective of the TCF is deepening regional integration through greater coordination and development of the SADC region’s national-regional linkages, particularly in terms of EU cooperation through the RSP/RIP and CSPs/NIPs and possible “AfT” measures at the SADC Member State level. The specific objectives of the TCF are:

i) A greater understanding of the regional integration process and a strengthening of the regional/national linkages to provide a more cohesive approach to economic and socio-political integration;

ii) The identification of measures that will support the implementation of the EC-SADC European Partnership Agreement (EPAs);
iii) The strengthening of inter-regional linkages and in particular the Tripartite Process.

**Expected results and main activities**

The main **Results** anticipated from the implementation of activities financed from the TCF are:

**Result 1** Increased understanding of regional economic integration and increased coherence of EU-SADC cooperation at national and regional levels.

**Result 2** The identification and formulation of support for implementation of the EPA, including potential regional Aid for Trade packages.

**Result 3** The inclusion in SADC Member State plans and budgets of investments and measures that have a verifiable regional dimension and which will lead to deeper regional integration.

To achieve the above results, the TCF will provide resources for a technical assistance facility, conferences, seminars and meetings.

i. **Technical Assistance Facility**: In keeping with the objectives of the ACP/EU Partnership Agreement, the project will provide a facility for short- and medium-term technical assistance. This assistance will be used to support:

- the effective implementation of EU-SADC cooperation through the Regional Support Strategy and Regional Indicative Programmes (RIP);

- the evaluation of EDF-financed interventions for which there is no specific provision in the financing agreement

- the identification of the feasibility, institutional and operational requirements of a SADC-EPA linked facility;

- the strengthening of the national/regional link leading to the inclusion of identifiable regional integration provisions in national plans and budgets;

- assistance with specific tasks such as: identification, formulation and implementation of AfT packages, assistance in the preparation of policy and strategy documents for the COMESA/EAC/SADC Tripartite process and for the negotiation of trade and other agreements.

ii. **Support for regional integration and training**: To create greater awareness and understanding of regional integration and the mechanisms for achieving the same, training activities will be conducted for SADC Secretariat and MS representatives on topics related to regional integration, national/regional links, Aid for Trade, Economic Partnership Agreements, EDF programming and implementation; inter-regional cooperation (COMESA/EAC/SADC Tripartite, Corridor development and Spatial Development Initiatives, etc.).

iii. **Conferences and seminars**: Under the TCF it is foreseen that measures for increasing awareness of the regional integration agenda and the identification and implementation of integration oriented activities at both country, regional and inter-regional levels will include:

- Annual meetings between the Regional Authorising Officer, the SADC Secretariat, SADC Member States (MS) National Authorising Officers and SADC MS officials with regional integration responsibilities, including the SADC National Committees. EU Delegations in the SADC MS would be expected to participate;
• Participation by SADC Secretariat, SADC MS representatives actors in international meetings and seminars on regional integration or trade themes in the SADC, SADC-EPA and SADC/EAC/COMESA Tripartite contexts.

3.2. Risks and assumptions

The overriding assumption is that SADC MS are committed to the principle of regional integration as a means of engendering economic growth leading to mitigating inequalities between States and poverty reduction. The main risk lies in the membership of some SADC States in more than one Regional Economic Community (REC), the consequence of which could be a lessening in the effectiveness of integration measures as a result of inconsistencies, potential duplication and even contradiction. In giving attention to creating a greater awareness of the implications of regional integration, and of the understanding that regional integration is primarily influenced by the actions of the individual member state, it is expected that individual States will be able to make informed decisions on the issue of multiple membership, free trade areas, customs unions and other instruments of integration.

3.3. Crosscutting Issues

Although not a specific focus of the TCF, environmental sustainability and the issue of climate change are priority areas for the RISDP and the SADC Dar es Salaam Declaration on Food Security. In strengthening the national/regional link in integration the importance of environmental mainstreaming in all SADC policies, strategies and programmes will be an important feature.

HIV/AIDS remains an important challenge for the region. Although some level of progress has been made, the effects of the crisis are still felt by millions in the region either directly or indirectly through the death of (extended) family members. SADC has adopted a new strategic framework to combat the pandemic. The TCF could be used to facilitate activities which could assess or mitigate the impact of the crisis on the economic growth and integration of the region.

SADC has adopted a two-pronged approach to gender equality, namely through creating equal opportunities for women and men as well as a specific focus on women’s empowerment. By giving emphasis to both the SADC Gender Protocol and the SADC Strategic Implementation Framework on Gender and Development, in activities relevant to reinforcing the national/regional link, it is expected that regional strategies for mainstreaming gender and empowerment will be facilitated.

3.4. Stakeholders

The ultimate beneficiaries and stakeholders are the people of the SADC MS who, through economic growth and a more equitable distribution of wealth will benefit from a reduction in poverty and improved standards of living. Although the SADC MS in general will be expected to benefit from actions that enhance the national/regional links, the respective members of the SADC-EPA group of States would be expected to be significant beneficiaries of project activities that culminate in the development of regional packages of AfT measures.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The TCF will be implemented by partially decentralised management through the signature of a financing agreement with the Executive Secretary, SADC as the Regional Authorising Officer (RAO) for the SADC region, who may request the Commission to implement technical assistance contracts on his behalf in accordance with Article 19.c.4 of Annex IV to the Revised Cotonou Agreement.

In case of programme estimates, the form of decentralised operations will be direct decentralised operations.
The Commission controls ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts > 50,000 EUR and may apply ex post for procurement contracts ≤ 50,000 EUR.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the beneficiary country for operating costs and contracts up to the ceilings indicated in the table below.

The responsible Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.

<table>
<thead>
<tr>
<th>Works</th>
<th>Supplies</th>
<th>Services</th>
<th>Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 300,000 EUR</td>
<td>&lt; 150,000 EUR</td>
<td>&lt; 200,000 EUR</td>
<td>≤ 100,000 EUR</td>
</tr>
</tbody>
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4.2. Procurement and grant award procedures, programme estimates

1) Contracts:
All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the 10th EDF. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 20 of Annex IV of the Cotonou Agreement.

2) Specific rules for grants:
No grants are foreseen in this project.

3) Specific rules on programme estimates:
All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question (i.e. the Practical Guide to procedures for programme estimates).

4.3. Budget and calendar

The budget allocation for support to the TCF is EUR 5,000,000. The budget allocation by main component is summarised as:

<table>
<thead>
<tr>
<th>Technical Cooperation Facility</th>
<th>EUR</th>
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<tbody>
<tr>
<td>- Technical Assistance Facility (short and medium term) (estimated at 3,100,000 €)</td>
<td>4,550,000</td>
</tr>
<tr>
<td>- Support for Regional Integration and Training (estimated at 700,000 €)</td>
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</tr>
<tr>
<td>- Conferences and Seminars (estimated at 750,000 €)</td>
<td></td>
</tr>
<tr>
<td>- Audit</td>
<td>50,000</td>
</tr>
<tr>
<td>- Contingencies*</td>
<td>400,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5,000,000</td>
</tr>
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* The European Community's contribution to "Contingencies" heading may be used only with the prior agreement of the Commission

The Head of the EU Delegation approves changes to estimated amounts.
The operational implementation period of the project will be forty-eight (48) months from signature of the financing agreement. It will be followed by a 24-month closure period.

4.4. Performance monitoring

Due to the non-specific nature of the project, no EuropeAid Standard Indicator is seen as immediately relevant for the required performance monitoring. In the course of project implementation, the beneficiaries shall propose objectively verifiable indicators. These may be of the following types:

- Efficiency - quantitative, i.e. a measure of quantities, such as studies completed, persons trained, meetings held
- Performance - qualitative, i.e. subjective evaluations, such as the level of satisfaction of participants in national/regional meetings, member state development plans identifying and providing for integration specific activities.

4.5. Evaluation and audit

An independent evaluation can take place before the end of the third year of operations. The purpose of the evaluation will be to determine the extent to which the lessons learned and the recommendations underpinning the implementation of the project’s actions are being translated into activities at the national level, that are specific to regional integration. A particular focus of the evaluation will be the implementation of integration related actions under the 10th EDF CSPs/NIPs and in the programming of the 10th EDF successor arrangement. The evaluation will be financed from the technical assistance component of the TCF.

Audits will be conducted on programme estimates for which the expenditures incurred in the imprest part of their budgets amount to EUR 200,000 or more. Moreover, the EU can decide the audit of any part of the project deemed necessary. Recruitment of auditors will be made in accordance with EDF procurement rules. Audits will respect the compulsory terms of reference elaborated by the European Commission.

4.6 Communication and visibility

Visibility of EDF support will be ensured through specific information and communication activities and materials, as well as the implementation of EU visibility guidelines.