Annex

to the Commission Implementing Decision on the 2018 Partnership Instrument
individual measure in support to the EU-South Africa Strategic Economic Partnership
to be financed from the general budget of the European Union

1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title of the action</th>
<th>Support to the EU-South Africa Strategic Economic Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country(ies)/Region</td>
<td>South Africa</td>
</tr>
<tr>
<td>Total cost</td>
<td>Total estimated cost: EUR 3 500 000</td>
</tr>
<tr>
<td></td>
<td>Total amount of the EU budget contribution: EUR 3 500 000</td>
</tr>
<tr>
<td>Total duration</td>
<td>60 months¹</td>
</tr>
<tr>
<td>Method of implementation</td>
<td>Procurement – Direct management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Markers (from CRIS DAC form)</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Main objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rio Convention Markers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biological Diversity</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Combat desertification</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change mitigation</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>General policy objective</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aid to environment</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Gender equality</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Trade Development</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
</tbody>
</table>

¹ The total duration is calculated as from the adoption of the Financing Decision. As a result it takes into account of: (i) the contracting phase (indicatively 12 months); (ii) start of the implementation of the action (36 months) to; (iii) the closure phase of the action (indicatively 12 months).
2. **RATIONALE AND CONTEXT**

2.1. **Summary of the action and its objectives**

The action is intended to enable the EU to deliver on the economic/trade/investment dimension of its strategic partnership with South Africa by promoting its own interests and, in turn, maximise its trade and investment flows there. This includes ensuring proactive and responsive activities aiming at: 1) supporting the negotiation, conclusion and implementation of multilateral and bilateral agreements and processes when it comes to economic and trade aspects (Southern African Development Community, Economic Partnership Agreement (SADC EPA), the United Nations Framework Convention on Climate Change (UNFCCC), the World Trade Organisation (WTO), the International Civil Aviation Organisation (ICAO), the International Maritime Organisation (IMO), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the 2030 Agenda for Sustainable Development, the United National Conference on Trade and Development (UNCTAD), G20, the Organisation for Economic Co-operation and Development (OECD), etc.); 2) consolidating the ability and capacity of the EU and EU business to influence policy processes in both South Africa and at regional SADC level; 3) ensuring EU visibility in the framework of the strategic economic partnership with South Africa through communication, exchanges, events and other appropriate platforms.

2.2. **Context**

South Africa is the only Strategic Partner country in Africa. The value of EU-South Africa Strategic Partnership is rooted in shared democratic values and in the critical role that country plays in all regional and multilateral affairs. The economic dimension of such relationship is fundamental. Both the EU and South Africa need to grow faster and see Africa's rising as an essential drive towards greater prosperity.

The bilateral trade and investment agenda is marked by a number of positive factors. EU remains the SA's undisputed dominant trade and investment partner (representing 78% of FDI stocks and some 25% of SA's total trade). The ratification and implementation of the Economic Partnership Agreement (EPA) is thus expected to strengthen a relation which already produces hundreds of thousands of direct jobs both in South Africa and EU.

The bilateral dimension is further enriched by a wide number of economic and trade-related co-operation strategic frameworks, notably in the area of science and technology, macro-economics, climate change, environment (with an emphasis on, circular economy), energy, space and mining, which are taking place in the overall framework provided by the EU-South Africa Strategic Partnership. In all these fora, the EU-South Africa Partnership aligns itself with the 2030 Agenda for Sustainable Development Goals (SDG).

At regional level, South Africa remains the largest investor in individual states in the SADC region and holds the lead with regard to regional integration efforts. It also exerts political influence on African Union matters, making it an essential partner on the continent for the EU.

At multilateral level, whether at WTO, UNFCCC, ICAO, IMO, G20, CITES, UN, and OECD level, South Africa's positions have a major impact, notably on BRIC and ACP countries. In certain fora, EU and South Africa have been able to effectively
work together towards a global agreement (e.g. UNFCCC 17th Conference of Parties (CoP17) and the 20th Conference of Parties (CoP20)) and present joint decisions (CITES CoP17).

Nonetheless, difficulties and irritants persist. These encompass EPA implementation (e.g. recent problems with poultry safeguards and textiles but also sanitary and phyto-sanitary as well as conformity certification), green economy agenda (notably implementation of Renewable Energy Independent Power Producer Programme), and the transformation agenda (e.g. investment protection, property rights, local content and economic empowerment).

The aim of the proposed action is to see pro-growth policies being duly pursued in South Africa, in line with the SDGs agenda, in order to facilitate continued European investments in the country resulting in the creation of jobs and growth both in the EU and in our partner countries.

The catalytic role played by South Africa in the region and Africa on all relevant matters should also be addressed.

The proposed action would also help foster a progressive role by South Africa in multilateral fora, aligned with EU positions.

### 2.3. Lessons learnt

The proposed action builds on the previous two Partnership Instrument funded projects: i) ‘Support to the EU Market Access Team’; and ii) ‘EPA Outreach Project’. Both of the projects have been effective tools for policy advocacy and stakeholder engagement. They have been an important interface with various stakeholders and allowed for business policy advocacy.

Support to the EU Market Access Team project specifically showed that EU Business Chamber is a useful and reliable tool to carry out business-related policy advocacy. EU Business Chamber has been able to engage high-level government officials, South African Parliament, business and civil society sectors and attract media coverage.

The proposed action will draw from the activities and the objectives of the previous two projects while expanding their scope and scale. More issues will be analysed through specialised expertise; more stakeholders will be engaged and more partnerships will be established; more events will be organised for greater policy advocacy and EU positive visibility in the country. By doing so, the present action will provide the EU with an effective and coherent set of tools enabling it to deliver on the objectives of its economic diplomacy in South Africa.

### 2.4. Complementary actions

In the 2014-2020 financial framework South Africa continues to benefit from the EU development co-operation funds (DCI), though at a reduced scale, targeting key priorities of South Africa's National Development Plan 2030, namely 'employment creation', 'education/training/innovation' and 'building a capable and developmental state'.

Programmes have been developed that have relevance to economic/trade/investment-related dimension of the EU-South Africa strategic partnership, but their primary
focus is on South Africa's medium- to long-term developmental objectives. Relevant programmes include:

- The small, medium and micro enterprises’ (SMME) development programme supporting value chains and supplier development, favouring the development of an innovation-friendly environment including through access to finance;

- The South Africa-EU Dialogue Facility, which allows to carry out dialogue activities and tap into EU expertise on priority subjects of the South Africa government departments;

- Following the Mid-Term Review of the 2014-2020 Multiannual Indicative Programme for South Africa under the Development Co-operation Instrument, a decision is likely to be taken on the allocation of an additional amount of funds for a dedicated programme to support EPA implementation with focus on productive sectors and supply chains;

- A self-standing programme is being developed to support restructuring of the South African wines & spirits sector.

The proposed action, on the other hand, has EU interests at its core and will support targeted actions to facilitate EU immediate priorities in the country. It will reinforce EU Delegation’s ability to exercise policy advocacy, improve EU visibility and extend outreach activities.

While there might be certain actions that could be eligible under both the Development Cooperation (DCI) and Partnership Instrument (PI) projects, these cases will be carefully considered to avoid duplications and decide on the most appropriate instrument for funding.

2.5. Cross-cutting issues

The proposed action will contribute to the following cross-cutting issues:

- Key focus will be on improving SA business and innovation climate, which will in turn strengthen EU and EU business roles in promoting sustainable growth in South Africa through employment creation, promotion of knowledge-based and innovation capacities and social empowerment.

- A number of activities will have strong links to SDGs’ agenda and the benefits of climate action and circular economy.

- Foreseen outreach and visibility activities will seek to bring various stakeholders on board, including government, business, civil society and international partners thereby facilitating a more inclusive South African society.

- On gender equality, EU outreach and visibility activities will aim at high women participation. Feasibility of dedicated activities will be considered.
3. **DETAILED DESCRIPTION**

3.1. **Objectives**

The overall objective will enable the EU to deliver on its strategic economic partnership with SA, and, in turn, maximise its trade flows and investments in South Africa.

**Specific objectives:**

a) Support the negotiations, conclusion and/or implementation of multilateral and bilateral agreements when it comes to economic and trade aspects;

b) Consolidate the ability and capacity of the EU and EU business to influence policy processes in South Africa and at regional level, through the appropriate identification and promotion of robust positions;

c) Provide high visibility and credibility to the actions of the EU in the framework of the strategic economic partnership.

3.2. **Expected results and main activities**

**Results** will include: Implementation of EPA substantially accelerated, Paris Agreement and other Agreements satisfactorily implemented, WTO processes advanced, South African legislation taking due account of EU and EU business positions, ability of EU business to operate in South Africa improved; jobs connected to EU FDI in South Africa increased.

**Activities** will thus be clustered around three components, each based on the above three specific objectives:

a) **technical component:** this will include short and long term technical assistance to relevant stakeholders (both EU, South Africans or SADC more in general) as well as the organisation of events, seminars, workshops, roundtables with the purpose of ensuring successful co-operation and resolution of differences in the context of the negotiations, conclusion and implementation of all major trade and economics-related negotiations as well as national (South Africa) and a regional (SADC or wider) policy processes, mainly but not exclusively in the context of the implementation of the SADC-EU EPA Agreement, the UNFCCC Paris Agreement, WTO matters, ICAO, IMO, CITES, Agenda 2030, UNCTAD, G20, OCED to include all matters identified as relevant for the purpose of the EU strategic economic partnership with South Africa;

b) **advocacy component:** this will include technical support to the EU Market Access Team including the provision of expertise for the provision of inputs that can be incorporated in the formulation and operationalisation of EU wide policy positions;

c) **visibility component:** this will provide for logistical and communication support to promote the visibility of EU positions, policies and stances.
3.3. Risks and assumptions

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political and economic uncertainty</td>
<td>L</td>
<td>The project itself aims at addressing this uncertainty. EU Delegation will continue to monitor the situation. ANC electoral conference at the end of 2017 will give an indication of likely future policy directions.</td>
</tr>
<tr>
<td>Currency volatility</td>
<td>H</td>
<td>It will depend on political and economic situation, which will be monitored.</td>
</tr>
<tr>
<td>Sustainability of EU Business Chamber</td>
<td>L</td>
<td>EU Delegation will continue its engagement with EU Chamber’s Board to monitor governance and sustainability issues and facilitate their improvement through diplomatic channels.</td>
</tr>
<tr>
<td>Quality and impartiality of experts</td>
<td>L</td>
<td>EU Delegation will work to ensure effective tender procedure and selection of high-quality experts; and then regularly engage with the experts to facilitate high-quality deliverables.</td>
</tr>
</tbody>
</table>

3.4. Stakeholders

Key stakeholders that would benefit directly or indirectly from the project are: the existing Market Access Team (i.e. EU Delegation, EU Member States and EU business), South African business associations, Government Departments and other associated agencies, Parliament, judiciary as well as provincial and municipal authorities. Learning institutions, CSOs, media and think thanks will also be included.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Procurement (direct management)

(a) The programme will be implemented via service contract(s). Indicatively one service contract is expected to be concluded for the implementation of the programme.

(b) Indicative timing: call for tender expected to be launched in the first Quarter of 2018, unless a decision is adopted to launch it earlier subject to approval of the programme.

4.2. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.
4.3. **Indicative budget**

<table>
<thead>
<tr>
<th>Method of Implementation</th>
<th>Amount in EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.1. – Procurement (direct management)</td>
<td>3.5</td>
</tr>
<tr>
<td>Totals</td>
<td>3.5</td>
</tr>
</tbody>
</table>

4.4. **Organisational set-up and responsibilities**

The proposed action will be implemented under the guidance of the Project Steering Committee (PSC), which will include several services of the Commission, and the EEAS, and the EU Delegation. This combination will contribute to aligned objectives, effective implementation and complementarity with the DCI programmes and projects.

The action also foresees the establishment of a project implementation unit composed of a Team Leader and Communication Expert (part time), who will work under supervision and in regular consultation and coordination with the EU Delegation.

Key partners in the implementation of the project will be EU Business Chamber. The EU Chamber as well as EU Member States will also be engaged on priorities and deliverables of the project, primarily at the level of EU Economic Counsellors, but also EU Heads of Mission, if and when appropriate.

4.5. **Performance monitoring**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing entity’s responsibilities. To this end, the implementing entity shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports.

Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results. The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators, which will include relevant indicators from the list of common Partnership Instrument indicators.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).
4.6. **Evaluation and audit**

For this project, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the “N+1” rule applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.7. **Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures, which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

Appropriate contractual obligations shall be included in, respectively, the procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.