

EU support for EPA
implementation and regional
integration agenda on services
and investment

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Outline

1. Development support for Services
 - Background: legal basis in Cotonou & IEPA
 - EU instruments
 - Actions that could be supported
2. Services and regional integration
3. Open questions / issues for discussion

Cotonou and SADC IEPA

- Cotonou.
 - Chapter 4. Trade in Services. Art 41.1:
 - « The Community shall support the ACP States' efforts to strengthen their capacity in the supply of services. [...] »
- SADC interim EPA: Chapter 2. Development cooperation.

Priority areas for trade and economic cooperation include:

 - Art. 13. Cooperation in trade in services
 - “The Parties agree to cooperate to develop and enhance trade in services [...].”

SADC IEPA Provisions

- Art. 11. **Cooperation in supply-side competitiveness:**

... to increase the competitiveness of the SADC EPA States and remove supply side constraints at national, institutional and in particular at company level among others in fields like production, technology development and innovation, marketing, financing, distribution, transport, diversification of economic base – as well as development of the private sector, improvement of the trade and business environment and support to small and medium enterprises in the field of agriculture, fisheries, industry and services

- Art. 12. **Cooperation in business enhancing infrastructure**

The aim of cooperation under this Article shall be the development of a competitive business enhancing environment in areas such as information, communication and technology (ICT), transport, energy.

SADC IEPA Provisions

- **Article 18. Types of Interventions** (non-exhaustive list):
 - *policy development;*
 - *legislation and regulatory framework development;*
 - *institutional/organizational development;*
 - *capacity building and training.*[\[1\]](#);
 - *technical advisory services;*
 - *administrative services;*
 - *support in SPS and TBT areas*
 - *operational support including equipment, materials and related works*

[\[1\]](#) "capacity building": may include in particular training, institutional development, organizational development (structures and procedures), inter-institutional communication and cooperation procedures, operational support.

Instruments

1. SADC Regional Indicative Programme – 9th and 10th EDF
2. National Indicative Programmes (incl. RSA)
3. EU Member States own instruments
4. Other community instruments:
 - EIB Investment Facility
 - Horizontal all-ACP instruments: Infrastructure and Energy partnerships

RIP – 9th EDF

- Current RIP under 9th EDF
- Focus on:
 - Regional integration and trade
 - Transport and communications (incl. water and energy)
- And also:
 - Agriculture and food security ; HIV-AIDS ; Gender; Peace and security

RIP – 9th EDF

- Programmes under 9th EDF related to EPA or regional integration:
 - The **EPA Support Facility (€ 6.5M)**: capacity in the SADC Secretariat and SADC EPA member states on trade policy issues and EPA negotiations. Also strengthen the involvement of public and private stakeholders in trade policy.
 - **Support to implementation of SADC Protocol on Finance and Investment (€ 13 M)**: support economic integration and harmonisation of the finance and investment sectors.
 - **The EU-SADC Investment Promotion Programme (€ 18.3 million)** capacity building of private sector intermediaries such as investment promotion agencies, chambers of commerce & other financial institutions.
 - **Capacity Building and Regional Integration (€ 12.5 M)**: support capacity of SADC Secretariat to drive and coordinate the region's integration agenda and implement SADC's Transport and Trade Protocols.
 - **Support to Trade in Services** Project ran by UNCTAD (**€ 1.1 M**): support negotiations of trade in services in SADC (within Trade Negotiating Forum (TNF)). It also provides capacity building assistance to participate in the WTO on issues relating to the SADC services negotiations.

RIP – 10th EDF

- 10th EDF should enter into force in the coming weeks.
- The RIP is in the process of finalisation: Commission aims to sign it later this year.
- Opportunity to integrate priorities from SADC's integration Agenda (i.e. SADC Services Protocol) and second phase of EPA negotiations.
- RIP would also build on needs identified by RPTF
- Intention to limit number of intervention areas and increase focus on trade and regional integration.

NIPs allocations for regional integration and trade

	Trade and regional integration				Infrastructure, Communications and transport	Water and Energy		Total 10th EDF
	EPA	Regional economic integration	Private sector development	Total	Total	Water	Energy (3)	
Angola		9,0	3,0	12,0		25,0		214,0
Botswana				0,0				73,0
Lesotho				0,0	7,0	32,0		136,0
Mozambique	8,2			8,2				622,0
Namibia				0,0	9,0	9,0		103,0
Swaziland	1,3			1,3		20,0	9,0	63,0
<i>Total SADC EPA States</i>	9,5	9,0	3,0	21,5	16,0	86,0	9,0	1.211,0

RSA indicative programme

- Area of intervention: Regional and Pan-African Support.
- Coverage: pan-African and regional institutions (Southern Africa) as well as support for South Africa's role in the continent.
- 40 to €98Mn of RSA's total allocation for 2007-2013
- Potential activities to include « work on the regulatory environment, institution building and capacity development, as well as support to engage in EPA implementation ».

EU Member States contrib.

- IEPA text, Art. 8.2:
 - “The Member States of the European Union collectively undertake to support, by means of their respective development policies and instruments, development cooperation activities for regional economic cooperation and integration and for the implementation of this agreement in the SADC EPA States [...]”.

EU Member States contrib.

- Several EU MS have participated in RPTF.
- AfT Strategy: EU to make available €2bn per year on trade-related assistance (half EU MS and half Commission).
- ACP countries should receive in the range of 50% of the funds (an increase of €300-400Mn a year)
- SADC has in place an International Cooperating Partners framework (ICP), including EU and others.

Other Community Instruments

- EIB Investment Facility
- Infrastructure partnership and Energy facility

Identification of needs : RPTF

- Regional Preparatory Task Force (RPTF)
 - Link EPA negotiations with development cooperation
 - Ensure complementarity among development partners

Identification of needs

- Priorities in line both with comprehensive EPA and SADC's own agenda, in particular multi-annual business plan and the Regional Indicative Strategic development Plan RISDP.
- Possibility to identify additional priorities in the context of the EPA negotiations on services and investment and SADC Protocol on Services:
 - Identified Sectors in SADC draft Protocol: communication, construction, energy-related, financial, tourism and transport.
- Private sector development.

Identification of needs : RPTF

- RPTF identified priority areas for support:
 - 1) Trade in goods
 - 2) Trade data (essentially statistics)
 - 3) EPA implementation and future negotiations.
 - 4) Trade in core services
 - 5) Trade related issues (competition, investment, IPR, public procurement, labour and environment).

Identification of needs : RPTF

4) Trade in core services:

- Sectors identified: Transport, Finance (banking/insurance), Tourism, Professional Services, Education, Construction and engineering
- Types of activities:
 - Capacity building (e.g. to conform to international standards, equipment)
 - Institution building (e.g. regulatory frameworks)
 - Needs assesment studies / Impact assesment studies
 - Establishment of regulatory bodies (e.g. in finance)
 - Support for promotion and marketing institutions (e.g. in tourism)
 - Establishment of acreditation bodies (e.g. for professional services, engineering, education)

Identification of needs : RPTF

5) **Trade related issues** (competition, investment, IPR, public procurement, labour and environment).

- Types of activities:
 - Capacity building to develop, harmonise and implement policies
 - Establishment of accreditation/regulatory bodies
 - Development of institutional, policy and legislative infrastructure
 - Devt & implementation of regional Foreign Investment Strategy
 - Establishment and strengthening of competition authorities
 - Impact assesment studies (e.g. public procurement, IPR)
 - Capacity building for SMMEs (e.g. to participate in procurement)

Regional Integration

- Trade, services and investment in particular, as instruments of a global strategy for regional integration and development.
- Commission is preparing a **Policy Communication on Regional Integration for Development in ACP countries.**
- Vision of regional integration (economic dimension):
 - Establishment of larger markets and secure/sound regulatory and institutional frameworks as a means to enhance trade, investment and economic development
 - Regional integration as a springboard towards gradual integration into world economy

Regional Integration

- Goal is to support the regions' own integration Agendas
- Proposed approach could build on: (i) regional integrated markets and supportive business environment (regional dimension of PSD/diversification); (ii) connected regional infrastructure networks; (iii) regional policies for sustainable development; (iv) effective regional governance

Regional integration

Already reflected in IEPA Art. 1 : **Objectives**

- a) Contributing to the reduction and eventual eradication of poverty [...];
- b) Promoting regional integration, economic cooperation and good governance thus establishing and implementing an effective, predictable and transparent regional regulatory framework for trade and investment between the Parties and among the SADC EPA States;
- c) Promoting the gradual integration of the SADC EPA States into the world economy, in conformity with their political choices and development priorities;
- d) [...]

Regional integration

IEPA Art. 4 : **Regional integration**

- 1. The Parties recognise that regional integration is an integral element to their partnership and a powerful instrument to achieve the objectives of this Agreement.
- 2. The Parties reaffirm the importance of regional and sub-regional integration amongst the SADC EPA States to achieve greater economic opportunities, enhanced political stability and to foster the effective integration of developing countries into the world economy. Without prejudice to the commitments undertaken in this Agreement, the pace and content of their regional integration is determined exclusively by the SADC EPA States in the exercise of their sovereignty.
- [...]

Issues/Challenges

- Overlapping configurations and memberships: RIPs overlap (SADC/COMESA - SADC EPA States vs. SADC)
- Objective for development cooperation and the EPA supportive of the region's own integration agenda
- Policy Communication on Regional Integration for Development: public consultation forthcoming.