

SUMMARY

Annual Action Programme 2018 – part 1 in favour of Eastern Africa, southern Africa and the Indian Ocean to be financed from the 11th European Development Fund

1. Identification

EDF allocation	11 th EDF EA-SA-IO Regional Indicative Programme Decision C(2015) 3379 of 22/05/2015
Total cost	EUR 225 million of EU contribution
Basic act	Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the European Development Fund

2. Regional background

The EA-SA-IO region comprises 25 countries with very diverse political and socio-economic backgrounds. These countries are members of one or more of the five Regional Organisations Duly Mandated for cooperation under the EDF (DMROs): Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Intergovernmental Authority on Development (IGAD), Indian Ocean Commission (IOC) and Southern African Development Community (SADC).

This AAP aims at fostering regional economic integration, in particular with regard to connectivity infrastructure and trade, and regional cooperation on peace and security. These are key areas for a region that overall counts 14 low income countries and 10 middle income countries, of which 6 in the lower category. It shows high levels of poverty and of inequality, and the income gap between countries is increasing. After an extended period of strong economic growth, many countries of the region have been hit by multiple shocks – the recent commodity price shocks, tighter financing conditions and a severe drought. Nevertheless, economies have shown better resilience and 2017 saw several signs of recovery. Real output growth is estimated to have increased 3.6 percent in 2017, up from 2.2 percent in 2016. However, the rekindled growth should create jobs. In past decades employment rates have remained below average economic growth, affecting primarily women and youth.

The policy response of the regional organisations is to deepen regional economic integration in line with Africa's Agenda 2063 and to facilitate trade, focussing on the development of regional value chains. In this context, specific attention is given to the Economic Partnership Agreements and the opportunities they can offer for developing regional value chains as a driver for growth.

The region also faces a number of threats with potential impact on its security and its stable democratic development. These stem mainly from weak political participation and high levels of inequality and exclusion. Ill-managed electoral processes then tend to increase tensions and become conflict-prone. Also, rising tendencies of transnational organised crime, often linked to natural resource exploitation, are real threats to peace and stability in the region. For addressing these issues, only the development of regional and national capacity for cooperation and joint action will allow effective and sustained mitigation measures to be achievable.

3. Summary of the Action Programme

1) Background

The Regional Indicative Programme (RIP) for the EA-SA-IO region is structured around three priority areas: Regional economic integration, peace and security and regional stability and regional natural resource management. The main emphasis is on regional economic integration which absorbs around two thirds of the overall allocation.

Furthering the integration of the region requires substantial investment in economic infrastructure, in particular for transport and energy as essential elements of a job creating business environment. For the region's economic infrastructure inefficiencies continue to slow down integration efforts and growth, and put stress on national resources, both public and private. The infrastructure deficit that hampers competitiveness needs to be addressed through investments for the development of more integrated transport, energy, ICT and trans-boundary water networks that boost interconnectivity and sustainable climate-resilient growth.

Within the region the Republic of Seychelles was among the first countries to sign up to an Economic Partnership Agreement (EPA), which can be a powerful tool for a competitive integration into the regional and international trading system, with a positive impact on development and stability. After similar support measures for Zimbabwe and Mauritius in the AAP 2017, this AAP covers the support for EPA implementation in the Seychelles. This includes the development of the productive sector, i.e. small and medium enterprises (SMEs) expected to generate employment and economic empowerment of women and youth in particular.

Regarding the area of peace and security, the present Annual Action Programme focuses on the Southern African region which is often qualified as a region 'largely at peace'. However, conflict potential remains a reality with various threats potentially impacting on its security and stable democratic development. These include in particular a spill-over from political crisis, often stemming from weaknesses in political participation as expressed in tensions surrounding electoral processes. The deficient human security in the region is also linked to the rising tendencies of transnational organised crime, and as a case in point, the often neglected issue of gender based violence.

2) Cooperation related policy of beneficiary region

The support to the development of the region's economic infrastructure is in line with the regional (Duly Mandated Regional Organisations (DMROs) and others) and continental (Programme for Infrastructure Development in Africa - PIDA) strategies and/or master plans, that call for investments for the development of more integrated transport, energy, ICT and trans-boundary water networks, boosting interconnectivity and growth.

With the EU as one of its most important trading partners, Seychelles signed the interim Economic Partnership Agreement in 2009. Seychelles' EPA Implementation Strategy 2017-2020 is based on three pillars: ownership, communication and sensitisation on the current EPA as well as institutional capacity to manage and implement it; trade related reforms and a business enabling policy, legislative and regulatory environment; development of high value niche in manufacturing sectors.

The establishment of the Southern African Development Community (SADC) Organ on Politics, Defence and Security Co-operation in 1996 and the adoption of the corresponding SADC Protocol on Politics, Defence and Security Co-operation (2001) provides an institutional framework for SADC member states to coordinate policies and activities in the areas of Politics, Defence, and Security. The Protocol is operationalised through the Strategic Indicative Plan for the Organ (SIPO; 2004) and addresses aspects of public and human security, including cross-border safety issues; it is generally based on or aligned to the corresponding UN treaties and conventions.

3) Coherence with the programming documents

The Regional Indicative Programme (RIP) for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) for the period 2014-2020 establishes as a priority, both at sub-regional level and across regions, regional economic integration, of which regional connectivity is an essential feature.

The support to improved connectivity and efficiency and resilience of regional infrastructure networks is foreseen under chapter III of the aforementioned RIP, with an emphasis on completing key missing links of regional transport corridors, developing energy interconnectors and increasing energy generation, as well as promoting resilient ICT networks interconnectivity and ensuring water availability. These investments should be implemented predominantly through blending operations.

Further under the priority area of regional economic integration in the RIP, chapter IV-D establishes support to the implementation of the EU-Eastern, Southern Africa (ESA) Economic Partnership Agreement, in particular aiming at strengthening the capacities of involved public and private bodies, increasing trade facilitation and improving the business and investment climate.

Chapter II-E establishes the support to the Southern African Development Community (SADC) in the RIP's focal area of peace, security and regional stability. Actions in this area pursue the overall objective of strengthening the SADC secretariat in fostering peace, regional stability, democratic governance and accountability as essential elements for regional integration and socio-economic development.

4) Identified actions

The overall objective of the Contribution to the Africa Investment Platform (AIP) in support of regional economic integration is to contribute to sustainable and inclusive economic development through regional economic integration, with an emphasis on the improvement of economic infrastructures.

The Programme in support of Seychelles' implementation of the current EPA aims at strengthening trade through a competitive integration of Seychelles into the regional and international trading system. More specifically it sets out to improve the efficiency, ownership and capacity of key actors to manage and implement the current EPA, as well as other trade and regional integration agreements; to support value chains upgrading in the manufacturing, agriculture and fisheries sectors and job creation through high value addition, including through using environmentally friendly production techniques; and to improve trade facilitation and trade and investment promotion.

The action for Support to Peace and Security in the SADC Region aims at the promotion of peace, security, stability and democracy across the SADC region in line with the SADC Treaty. Its specific objective is to strengthen the SADC peace and security architecture in the areas of conflict prevention and resolution and public and human security, in line with SIPO II objectives.

5) Expected results

The EU contribution to the Africa Investment Platform will target projects with a regional dimension that can swiftly and efficiently deliver results, primarily in the sectors of energy and transport and, to a lesser extent, in the sectors of water and ICT. This regional dimension will take into account concrete steps to end energy poverty, which is a key barrier for growth and regional integration whilst enabling the development of sustainable sectors that will contribute to the region's transition to a low-carbon climate resilient green economy. As to the transport projects under the AIP, climate vulnerability and greenhouse gas reductions are a focus of attention. Alternative modes of transport, namely railways, waterways and public transport will be promoted as areas of investment.

The support to EPA implementation in the Seychelles will result in improved capacity and gender awareness to effectively negotiate, implement and ensure conformity with trade agreements and the EPA, enhanced capacity for the implementation of effective tax system and fiscal reform measures, and improved capacity to effectively pursue and implement trade reforms, while ensuring that adequate environmental and gender sensitive standards and regulations are in place, and frameworks are developed to stimulate manufacturing and MSMEs.

The support to the SADC peace and security programme will lead to strengthened capacity for electoral assistance in the SADC Secretariat, enhanced capacity in SADC and member states for (gender-sensitive) conflict prevention, management and resolution, strengthened capacity of SADC member states to uphold and enhance cross-border safety and security and strengthened SADC capacity to address the prevalence of sexual and gender-based violence.

Consequently the AAP contributes primarily to the progressive achievement of SDG 9 (Build resilient infrastructure); SDG 8 (Decent work and economic growth); SDG 16 on peace, justice and strong institutions, but also promotes progress towards Goal 5 on gender equality, and Goal 13 (Climate action).

6) Past EU assistance and lessons learnt

Across the board, several lessons have been learnt from implementation of programmes in related areas under the 10th EDF where the assistance was targeted mainly through the Secretariats of the regional organisations but it was "difficult to use in an efficient and effective way (...) given their limited absorption capacity"; there was an "insufficient link between regional and national" indicative programmes; delays experienced depended inter alia on a "lack of thematic focus in the national projects". By having targeted interventions at national level, complementary to region wide interventions, and by having well experienced international organisations to implement some components, the AAP addresses these issues and furthermore gives the opportunity to exercise the principle of direct access and by this to strengthen member states' commitment to regional integration.

With regard to blending the EU-Africa Infrastructure Trust Fund, set up in 2007, has been subject to a mid-term evaluation (MTE), concluding that this is a valuable and effective instrument in supporting development of infrastructure. In particular, project identification, relevance and design were considered positive, and the Trust Fund achieved its goal of leveraging significant financial resources. The MTE also pointed to the significant contribution brought to the development of partnerships and increased coordination and cooperation among financial institutions as well as with the Commission. Recommendations concerned improvements to the decision making structure and in particular the role of EU delegations and partner countries, further exploring the involvement of private sector, as well as the use of specific financial instruments such as risk mitigation instruments, and finally the implementation of a result measurement framework, all of which are being taken into account by the EU platform for Blending in External Cooperation (EUBEC).

The programme in support to the EPA implementation in the Seychelles has benefited from useful lessons from the 10th EDF Regional Integration Support Programme, indicating that awareness raising, knowledge development and policy dialogue are critical for promoting the benefits of the current EPA as local private and public institutions lack resources. The 10th EDF SMARTFISH project also highlights the importance of involving stakeholders to ensure better appropriation of project activities and results.

The SADC programme on peace and security had benefitted from the findings of the mid-term evaluation (MTE) of the 10th EDF Regional Political Cooperation programme (RPC), which had identified some institutional challenges, including low absorptive capacities and limited technical capacities within the Organ to deliver on outputs. The present programme will then have a more strict follow-up mechanism from the onset. It is also expected to focus more on the design and establishment of tools for sustainability of SADC's peace and security engagement, such as the sustainable funding mechanism for electoral observation missions, thereby consolidating achievements of the RPC programme and focusing on longer term institutional and technical support-oriented programming.

7) Complementary actions/donor coordination

By enabling joint operations (combining bilateral and EU grant funding with eligible Financial Institutions loan operations), the projects financed under the Africa Investment Platform will generate greater coherence and better coordination between the donors, in line with the Paris Declaration principles and in compliance with the EU Financial Regulation. Member States' resources will reinforce the EU effort.

Regarding EPA implementation in the Seychelles, the support programme was designed in complementarity with several actions such as the Regional Integration Support Mechanism (RISM) of COMESA or Sustainable Fisheries Partnership Agreement. Development banks have developed credit lines for SMEs, which are fully complementary to this trade and private sector development programme. Coordination among the different donors in this sector is being built up in the context of the present programme.

Within the context of the formal SADC coordination process with international cooperation partners (the so-called Windhoek Process), the SADC region foresees thematic groups to provide coordination at technical level in specific topics. In principle, these thematic groups are co-chaired by the SADC Secretariat and an

elected donor partner. Though a thematic group on peace and security is foreseen, it has so far not met. Informally, the EU, Germany, UNDP and UNODC engage in regular (bilateral) coordination; continuous lobbying by these partners with the SADC Secretariat to convene the Thematic Group on Peace and Security has had no success so far.

4. Communication and visibility

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

The individual operations financed under 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 of the operations.

5. Cost and financing

<i>Regional economic integration</i>	
Contribution to the Africa Investment Platform (AIP) in support of regional economic integration	EUR 200 million
Programme in support of Seychelles implementation of the current EPA (SEPA)	EUR 10 million
<i>Peace and security and regional stability</i>	
Support to Peace and Security in the SADC Region	EUR 15 million
Total EU contribution	EUR 225 million



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This action is funded by the European Union

ANNEX 1

of the Commission Decision on the Annual Action Programme 2018 – part 1 in favour of Eastern Africa, Southern Africa and the Indian Ocean to be funded from the 11th European Development Fund

Action Document for the "Contribution to the Africa Investment Platform in support of regional economic integration"

1. Title/basic act/ CRIS number	<i>Contribution to the Africa Investment Platform (AIP) in support of regional economic integration</i> CRIS number: RSO/FED/040-620 Financed under the 11 th European Development Fund (EDF)
2. Zone benefiting from the action/ location	Eastern Africa / Southern Africa / Indian Ocean (EA-SA-IO) countries and the Regional Economic Communities COMESA (Common Market for Eastern and Southern Africa), EAC (East African Community), IGAD (Intergovernmental Authority on Development) and SADC (Southern African Development Community), and the IOC (Indian Ocean Commission)
3. Programming document	11 th EDF Regional Indicative Programme (RIP) for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) (2014-2020)
4. Sector of concentration	Priority area 2 – Regional Economic integration
5. Amounts concerned	Total estimated cost: EUR 200 000 000 Total amount of EDF contribution EUR 200 000 000 This action is co-financed by entities and for amounts specified in the indicative project pipeline which is an appendix of this Action Document.
6. Aid modality and implementation modality	Project Modality This action regarding this Regional Blending Facility shall be implemented in indirect management by entities to be indicated in complementary financing decisions to be adopted at the end of the Regional Blending Facilities award procedure.
7. DAC codes	210 – Transport and storage 220 – Communications (ICT) 230 – Energy generation and supply 140 – Water and Sanitation

8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			
10. Sustainable Development Goals (SDGs)	Main SDG 9: Build resilient infrastructure, through investments in transport, irrigation, energy and information and communication technology Secondary SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all			

SUMMARY

The overall objective is to contribute to poverty reduction and sustainable and inclusive economic development in the region comprising Eastern Africa, Southern Africa and the Indian Ocean, through regional economic integration, with an emphasis on the improvement of regional economic infrastructures.

In larger and more harmonised markets, the free movement of goods, services, capital and people enables economies of scale and lower transaction costs. It also stimulates investment, thus spurring economic growth and increasing trade. The right mix of gradually-increased intra- and extra-regional competition allows for smoother integration into the global trading system and makes regional integration a vehicle for inclusive growth and accelerated poverty reduction.

The results of the action will be key investments in the transport, energy, information and communications technology (ICT), and the water sector, improving regional connectivity, enhancing regional integration and contributing to achieving sustainable and inclusive development in the region. It will also result in a pipeline of bankable sustainable infrastructure projects adequately prepared and ready for financing.

The project constitutes a contribution to the Africa Investment Platform¹ (AIP), set up under the European Fund for Sustainable Development² and is replacing the Africa Investment Facility (AfIF). Within the overall objective of goals of the United Nations 2030 Agenda for Sustainable Development thus addressing root causes of migration, including irregular migration, the aim is to mobilise additional funding to finance regional capital-intensive infrastructure projects in the Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) region.

1 CONTEXT

1.1 Country/Regional context

The Eastern Africa, Southern Africa and Indian Ocean (EA-SA-IO) region comprises 25 African countries with very diverse political and socio-economic backgrounds. These countries are members of one or more of the following five regional organisations: COMESA, EAC, IGAD, IOC and SADC; all of them duly mandated for implementing resources of the European Development Fund (EDF).

The broad developmental challenges faced by the EA-SA-IO region are by and large those of Africa as a whole, including undiversified markets with low value addition, high vulnerability to climate change, overdependence on raw material exports, low levels of effective trade and economic integration, lack of infrastructure, regional food insecurity, conflicts and political instability. These challenges are recognised and constitute a priority in the policy development processes of the regional organisations. Consequently the main instruments of the region's future development are stronger market integration, regional infrastructure development and high value-addition industrialisation and transformative production.

Infrastructure investment and development remains critical to sustaining Africa's strong growth, through economic diversification and structural transformation. Power and transport infrastructure development will support the African economies' diversification away from the extractive sectors and towards growth in productive and service sectors. The result of this diversification will be widening the industrial base in a number of countries and creating more inclusive patterns of growth in the region.

In particular, the needs in the energy sector remain vast and there is a continued potential to achieve strong development impact through blended investments in energy in Sub-Saharan Africa. A severe shortage of essential electricity infrastructure is undermining efforts to achieve more rapid social and economic development. For the minority that has a grid connection today, supply is often unreliable, necessitating widespread and costly private use of back-up generators running on diesel or gasoline. Electricity tariffs are, in many cases, among the highest in the world and, outside South Africa, losses in poorly maintained transmission and distribution networks are double the world average.³

Electricity prices are typically very high by world standards, despite often being held below the cost of supply, while oil products are subsidised in many oil-producing countries. In that context, **developing a regional power market** would reduce energy system costs substantially and save also tons of carbon emissions annually (as well as pollutants emissions). Cooperative planning and improved transmission interconnections will increase access to electricity, efficiency of energy, as well as lower the costs of energy to the end user.

¹ Commission Decision C(2016)5917 on the individual measure "Creation of Africa Investment Platform" of 14.9.2016.

² Regulation (EU) C(2017)1601 of the European Parliament and of the Council of 26.09.2017, establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

³ "Africa energy Outlook", IEA, 2014 p 13.

In turn, energy will have an increased development impact through poverty reduction and inclusive growth (access to energy for small and medium enterprises (SMEs)). Regional renewable generation as well as energy access projects, including regional power grid expansion, provide an opportunity to efficiently increase the supply of energy within the region. This will also reduce the vast inefficiencies in energy transmission and distribution that currently plague the region's energy sector.

Likewise, the needs are very large in the transport sector. Intra-regional trade in Africa is very limited (12.8%) and severely hindered by **weak transport networks**. These weaknesses have also an important impact on the environmental efficiency of the different transport mode. This has a serious impact on the competitiveness and economic development of the region, in particular for land-locked countries in which costs related to transportation add a significant cost to imported and exported goods. Besides poor quality road networks, administrative hurdles and lengthy border crossing processes are the main obstacle to improving regional trade and competitiveness.

The region is highly vulnerable to impacts of environmental degradation, climate variability and climate change. Changes in weather patterns are already being felt and are expected to intensify, reinforcing existing environmental pressures such as land degradation and biodiversity loss; these include more erratic rainfall events, increased frequency and intensity of extreme weather events (including drought and intense rainfall), shifting seasons, and accelerated coastal erosion in part due to sea level rise and degradation of coral reefs. Pollution of air, water and soil is having significant environmental and health impacts on the region.

1.1.1 Public Policy Assessment and EU Policy Framework

The project aims to support the EA-SA-IO in addressing its regional infrastructure deficit that hampers competitiveness, in particular in the energy and transport sector, as well as water and ICT. This is in line with the regional (Duly Mandated Regional Organisations⁴ (DMROs) and others) and continental (Programme for Infrastructure Development in Africa (PIDA⁵)) strategies and/or master plans, that call for investments for the development of more integrated transport, energy, ICT and trans-boundary water networks, boosting interconnectivity and growth.

This is also in line with the Agenda for Change⁶ which identifies energy as one of EU's priorities for the future and as a key driver for inclusive growth as well as the EU's commitments in the context of Sustainable Energy for All⁷ (SE4All), which aims at reaching three critical objectives:

1. ensuring universal access to sustainable modern energy services;
2. doubling the share of renewable energy in the global energy mix;
3. doubling the global rate of improvement in energy efficiency.

⁴ The Duly Mandated Regional Organisations (DMROs) are COMESA (Common Market for Eastern and Southern Africa), EAC (East African Community), IGAD (Intergovernmental Authority on Development), IOC (Indian Ocean Commission) and SADC (Southern African Development Community)

⁵ PIDA is a joint initiative of the African Union Commission (AUC), the New Partnership for Africa's Development Planning and Coordination Agency (NPCA), and the African Development Bank (AfDB). <http://pages.au.int/infosoc/pages/program-infrastructure-development-africa-pida>

⁶ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions "Increasing the impact of EU Development Policy: an Agenda for Change", COM(2011) 637 final.

⁷ The Sustainable Energy for All initiative is a multi-stakeholder partnership between governments, the private sector, and civil society, launched by the UN Secretary-General in 2011 - <http://www.se4all.org/>

This programme is fully in line with EU development policy, as laid down in the new European Consensus on Development "Our World, our dignity, our future"⁸, and the Joint Africa-EU Strategy⁹ (JAES) which defines continent to continent relations based on a shared vision and common principles. The overall objectives include sustainable economic development, industrialisation, regional and continent integration. One of the objectives laid down in the new Consensus on Development for the energy sector is to contribute to the global fight against climate change in line with the Paris Agreement and the related Nationally determined contributions (NDCs) presented by the Parties.

In terms of the transport sector, the new Consensus on Development also calls to support the development of "sustainable, low-emission, interconnected and secure mobility and transport networks".

1.1.2 Stakeholder analysis

The final beneficiaries of the operations financed under the facilities will include all African citizens from the region who will benefit from improved infrastructure services.

Indirect beneficiaries will be the partner countries members of the EA-SA-IO regional organisations, either directly or indirectly through their central, regional and local administrations or public or semi-public institutions.

The EA-SA-IO DMROs (COMESA, EAC, IGAD, IOC, and SADC) will benefit from improved regional infrastructure and are fully associated to the definition of priorities and projects considered in the context of the regional steering committees.

Multilateral and national European financial institutions will be direct partners and important stakeholders of the Africa Investment Platform.

In accordance with Article 40 of Council Regulation (EU) 2015/323¹⁰, financial instruments should be implemented, whenever possible, under the lead of the European Investment Bank (EIB), a multilateral European financial institution such as the European Bank for Reconstruction and Development (EBRD), or a bilateral European financial institution.

The involvement of non-European financial institutions as lead financial institutions should be examined by the board of the Africa Investment Platform on a case by case basis following a targeted approach, based on the specific added value as a lead financier brought in a particular project or region. This would include those aspects in which non-European financial institutions might contribute to fill the gap left by European financial institutions, in particular regarding their:

- a. Specific thorough knowledge of local conditions and presence in the region,
- b. Specific analytical capacities and specific expertise and know-how, notably on private sector financing and the promotion of financial instruments and /or of innovative financing tools that attract private funding,
- c. Specific know-how and experience in relevant sectors,
- d. Additional technical and/or financial capacity to substantially leverage further resources.

The role of non-European financial institutions already acting as lead financial institutions in specific blending facilities should be preserved, provided that the above conditions are met. In the context of the Africa Investment Platform, it relates to the African Development Bank acting as lead financier under the conditions set above.

⁸ Joint statement by the Council and the representatives of the Governments of the Member States meeting within the Council, the European Parliament and the European Commission, 7 June 2017.

⁹ <http://www.africa-eu-partnership.org/key-documents>.

¹⁰ Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund (OJ L 58, 3.3.2015, p. 17).

In accordance with the recommendations made under the EU Platform for Blending in External Cooperation, non-European financial institutions active in a particular region should be invited to attend technical and board meetings as observers.

1.1.3 Priority areas for support/problem analysis

Delivering on regional economic integration requires, among other measures, good regional infrastructure. Despite robust gains in gross domestic product (GDP) in many of the EA-SA-IO countries in recent years, infrastructure inefficiencies continue to slow down integration efforts and growth, and put stress on national resources, both public and private. The infrastructure deficit that hampers competitiveness needs to be addressed through investments for the development of more integrated transport, energy, ICT and trans-boundary water networks that boost interconnectivity and sustainable climate-resilient growth, as identified in regional (DMROs and others) and continental (*Programme for Infrastructure Development in Africa* - PIDA) strategies and/or master plans.

The overall objectives per sub-sector, as identified by PIDA, are:

- Reduce transport prices and boost intra-African trade;
- Reduce energy costs and increase access;
- Ensure access to safe water and food security;
- Increase global connectivity.

PIDA defines the projected gaps and bottlenecks created by mismatched supply and projected demand and institutional inefficiencies. The identified needs are:

- Investments and technical preparatory studies for the realisation and/or completion of target key regional projects identified in PIDA, regional strategies or aligned to the principles defined in these documents;
- Sector governance: compliance with regional policies, regulations and standards is key to ensure the sustainability of the investments. The PIDA evaluation shows that the framework of regional and continental policies is fundamentally sound but their translation into national legislation and their enforcement are major challenges and constitute the principal reason for the high cost and low level of competitiveness. Furthermore, in order to meet the needs for infrastructure development, the region has to mobilise resources from the private sector through public-private partnerships. However, preconditions are a clear legal framework and guidelines;
- Capacity development: a major constraint to the development of regional economic infrastructure is the lack of expertise in preparation and development of bankable project proposals. This results in a lack of adequately prepared proposals that could be marketed to potential investors which limits severely the ability of countries to access the required resources to finance infrastructure projects. There is also a need for an enhanced capacity of public institutions to initiate, supervise and manage public-private partnerships.

Energy and transport are key sectors that offer opportunities to contribute to the region's transition to a green economy, i.e. one that is environmentally sustainable, resource efficient, low carbon and climate resilient. In the case of the energy sector these opportunities are mainly related to the development of renewable energy infrastructure and energy efficiency, as well as development of infrastructure that allows wider distribution of electricity produced from renewable sources. In the case of the transport sector, opportunities arise in the increased environmental efficiency and promotion of alternative and more sustainable modes of transport, such as railways, waterways and public transport which also reduce pollution levels which have significant adverse health and environmental impacts.

In the ICT sector, there is a need to increase investment to ensure that demand for services can be met. For a faster and cheaper internet access, consideration must be given to the

deployment of broadband cables alongside energy and transport infrastructures, so as to maximise added value of infrastructure investments. The access to mobile networks and the Internet have spurred productivity and growth and created jobs. In 2015 in Africa mobile technologies and services generated 6.7% of GDP in Africa, while the mobile ecosystem supported 3.8 million jobs. However, connectivity is hampered because of the underdeveloped terrestrial networks (in particular cross-border connections to land-locked countries) and high risk for investments, apart from the absence of enabling public policies and of an appropriate regulatory framework.

Since international connectivity remains an issue for the Land Locked Developing Countries and for Small Island Developing States, supporting the installation of submarine cables, cross-border fibre connections and Internet Exchange Points (IXPs), in particular with the use of blending mechanisms, can reduce prices for international connectivity.

Blending can be of particular relevance in contributing to these new goals, in particular for projects with a high potential development impact, low-carbon impact and economic rate of return but a below-market expected financial internal rate of return which cannot attract public lenders or commercial financiers without support. This may be because certain projects, including appropriate technical assistance components to ensure quality and sustainability, do not generate sufficient revenue to cover their cost. Alternatively, the (perceived) risks involved in certain projects may be too high to attract financing at the necessary scale. Development finance can be particularly important where the private sector (domestic and foreign) is unwilling to invest because risk/return profiles are not sufficiently attractive. Across all sectors aid can be used to attract investments through blended operations.

1.2 Other areas of assessment

N.A.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Macroeconomic data of the beneficiary countries should be taken into account especially in order to secure debt sustainability, using International Monetary Fund / World Bank debt sustainability framework. This can negatively impact blending operations in selected countries, in particular those countries that are under a moderate to high risk of debt distress.	M	Project application form contains information about debt sustainability provided by Financial Institutions. Financial Institutions also have internal policies in terms of sovereign lending. Assessment process involves EU delegations and other competent services on the issue of debt sustainability and investment programmes, including the information available on International Monetary Fund / World Bank debt sustainability framework.

The development of favourable policies by the target countries in the sectors concerned will be of high importance and should be considered when deciding about a support to an operation in such a way that a systemic impact is being aimed at.	M	EU delegations are involved at a very early stage in project identification and blending operations are leveraged in the sector policy dialogue.
Renewed commitment by financial institutions to continue working through the blending facilities in the framework of the External Investment Plan represents a fundamental condition. The pipelines of operations must be of high quality and volume and fulfil the criteria of sufficient additionality.	L	Blending facilities have been operating successfully over 2007 and 2013 as an instrument of EU development cooperation. Commitment of Financial Institutions showed to be very strong, including in the context of the EU Platform for Blending in External Cooperation ¹¹ (EUBEC).
Projects should not crowd out private sector financing.	L	Avoidance of market distortions is a key requirement included in the project application form. Any qualitative aspects should be commented in the project application form completed by the financial institutions and then, if necessary, assessed internally by the Commission.
The results of technical assistance financed by the Africa Investment Platform to prepare preliminary studies (to be managed by the lead financial institution) might be negative or not conclusive for the project.	L	Explore with the international financial institutions all the possibilities of financing technical assistance (TA) for projects which could potentially lead to bankable and sustainable projects.
Lack of knowledge regarding disaster risk might limit the integration of appropriate prevention and mitigation measures in the investment design.	L/M	Better understanding of disaster risks in all its dimensions (including risks exacerbated by climate change), promotion of mainstreaming of disaster risk assessment and climate proofing of infrastructure, mapping and management into investment planning.
Implementing blending operations in particular sectors in certain countries may be considered as not enough bankable / leverage effect generating while being strategically important for the achievement of the objectives of the Africa Investment Platform.	L/M	Proposing other aid modalities for the actions and/or adopting a flexible approach to the leverage effect expected for strategically important interventions.

¹¹ Commission Group of Experts with participation from EU Member States, European External Action Service and financial institutions

Assumptions
A stable political and financial climate on the regional level in general and on the country level in particular is needed to promote and secure investments. The level of economic governance shall be conducive to investment. Bankable projects are identified and developed by finance institutions with partner countries in close cooperation with the EU delegation, taking into account the reality and challenges of each country/region and the priorities defined with the regional organisations.

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

During the period 2007-2013, the EU has set up eight blending facilities¹², achieving worldwide coverage. By the end of 2016, the support approved under the facilities from the EU budget and EDF resources has reached a sum of more than EUR 3.4 billion, generating more than EUR 57 billion total investments. In Africa, the EU-Africa Infrastructure Trust Fund was set up in 2007 and has provided since then support to projects for a total of more than EUR 750 million mainly in energy, transport and water sector. Subsequently, the Africa Investment Facility (AfIF) was set up in 2015 and provided by end 2016 almost EUR 290 million in support to projects.

The present contribution to the African blending instrument is the second tranche of EUR 200 million, out of EUR 525 million available under the regional programme for the Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) region. The first tranche of EUR 200 million was almost fully committed at the end of 2017, providing funding to six projects. As a result of the high demands for regional infrastructure investments, it is opportune to make available this second tranche.

Over the period 2007-2013, two facilities were subject to a mid-term evaluation (MTE), the EU-Africa Infrastructure Trust Fund in 2012 and the Neighbourhood Investment Facility (NIF) in 2013. Both concluded that these are valuable and effective instruments in supporting their respective objectives: European Neighbourhood Partnership (ENP) objectives and the development of infrastructure in Africa. In particular, project identification, relevance and design were considered positive, and both instruments achieved their goal of leveraging significant financial resources. The MTE also pointed to the significant contribution brought to the development of partnerships and increased coordination and cooperation among financial institutions as well as with the Commission. A number of recommendations were made, notably in terms of improvements to the decision making structure and in particular the role of EU delegations and partner countries, further exploring the involvement of private sector, as well as the use of specific financial instruments such as risk mitigation instruments, and finally the implementation of a result measurement framework.

These findings have been used, with other reports, by the EU Platform for Blending in External Cooperation (EUBEC), set up in December 2012, to produce deliverable and make concrete recommendations for further increasing the effectiveness of aid delivered by the EU through blending. The Court of Auditors published a special report on blending in October 2014. The conclusions were very much in line with the above: blending the regional investment facility grants with loans from FIs to support EU external policies was found generally effective and projects were relevant. The recommendations covered the following aspects: ensure documented assessment of the additionality resulting from the EU grant, ensure the maturity of projects submitted to executive boards, produce guidelines, ensure

¹² EU-Africa Infrastructure Trust Fund (ITF), Neighbourhood Investment Facility (NIF), Latin America Investment Facility (LAIF), Investment Facility for Central Asia (IFCA), Asian Investment Facility (AIF), Caribbean Investment Facility (CIF) and Investment Facility for the Pacific (IFP) and Western Balkan Investment Framework (WBIF).

more proactive role of EU delegations, simplify the decision making process, improve Commission's monitoring of the projects and ensure appropriate visibility for EU funding.

Part of these recommendations has already been dealt with by the EU Platform with the development of a harmonised and improved project application form and its guidelines as well as with the development of a results measurement framework, including standard indicators.

The Africa Investment Facility (AfIF) was set up also as a result of these different findings and recommendations, with a governance framework that improves the accountability of the decision making process while reducing transaction costs.

Additionally, following the requirement of Article 140 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹³, applicable in accordance with Article 17 and Article 40 of Council Regulation (EU) 2015/323, an ex-ante evaluation of the future Africa Investment Facility was carried out.

The results of the ex-ante evaluation demonstrated that the nature, magnitude and focus of the challenges faced by Africa (e.g. urbanisation, degrading access to essential service, food insecurity, poverty, environmental degradation, impacts of climate change), the current EU and partner countries cooperation objectives (i.e. sustainable, low-carbon, resource efficient climate-resilient and inclusive development and growth, continental integration, poverty eradication, addressing climate change) and the commonly understood need to mobilise additional financial resources require a new flexible framework of financing. Taking those results into account and with the additional objective of addressing the root causes of irregular migration and forced displacement, the new AIP can provide a value added in expanding to new sectors which represent key challenges in Africa. In this way, the AIP will contribute to sustainable and inclusive growth and the achievement of the goals of the United Nations 2030 Agenda for Sustainable Development (as well as the implementation of the UN Paris Agreement on climate change) thus tackling root causes of migration through a wide range of forms of assistance to be adjusted to the country risk and specific project.

3.2 Complementarity, synergy and donor coordination

By enabling joint operations (combining bilateral and EU grant funding with eligible Financial Institutions loan operations), the projects financed under the Africa Investment Platform will generate greater coherence and better coordination between the donors, in line with the Paris Declaration principles and in compliance with the EU Financial Regulation. Member States' resources will reinforce the EU effort. The Africa Investment Platform will finance larger operations, better supporting partners in the necessary reforms and investments, and bringing greater visibility for the European dimension of external cooperation. Co-financing with non-EU financial institutions will certainly further improve donor coordination and harmonisation.

Special attention will be given to ensure the complementarity to other existing EU instruments for the region, notably the African, Caribbean and Pacific (ACP) Investment Facility under the ACP-EU Partnership Agreement¹⁴, ("Cotonou Agreement"), and the EU-Africa Infrastructure Trust Fund (ITF). This will be ensured through close cooperation with the ITF secretariat during the winding up period as well as close consultation and cooperation with the EIB in the context of its operations under the ACP Investment Facility. In particular, the Commission and EIB are coordinating closely on the preparation and implementation of

¹³ OJ L298, 26.10.2012, p. 1.

¹⁴ Partnership agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 (OJ L 317, 15.12.2000, p. 3), as first amended in Luxembourg on 25 June 2005 (OJ L 209, 11.8.2005, p. 27) and as amended for the second time in Ouagadougou on 22 June 2010 (OJ L 287, 4.11.2010, p. 3).

the ACP Investment Facility business plan, and the Commission is being consulted systematically on the different projects to be financed under the ACP Investment Facility.

Overall coordination aimed at achieving complementarity between the different aid modalities and tools (budget support actions, projects and programmes implemented under direct management, ACP Investment facility, sustainable energy for all initiative) shall be ensured while implementing the Africa Investment Platform, through the regular internal consultation processes and exchanges between the different Commission services involved.

In order to ensure complementarity, extensive information is provided in the grant application form of each project to ensure coherence with relevant EU policy objectives, the general policy framework, basic principles for blending as well as the remaining existing support programmes in the relevant field. Furthermore, additionality and complementarity with other EU measures are always ensured in the preparatory process, by close coordination between the financial institutions, the partner countries and regions, the Commission services and the European External Action Service (EEAS), as well as during the decision making process.

3.3 Cross-cutting issues

Cross cutting issues will be addressed in all activities implemented under of the project. Regional organisations, partner countries and eligible financial institutions will ensure that all projects financed with EU resources respect European Union principles and safeguards in terms of environmental and social impact (e.g. environmental assessments, gender issues, indigenous peoples rights, governance, low- emissions, etc.), public procurement, state aid, equal opportunities and will also respect the principles of sound financial management with effective and proportionate anti-fraud measures as well as good governance and human rights (applying the Rights Based Approach Toolbox¹⁵).

Environmental, social and climate change issues will be a key part of the project design and assessment process in terms of ensuring positive environmental and social impact of infrastructure projects and preventing negative impacts e.g. on biodiversity, as well as climate-proofing the proposed projects. The environmental and climate change safeguards foreseen in the EU guidelines "Integrating environment and climate change into EU international cooperation and development" will be followed, or otherwise equivalent safeguards from the lead donor in charge of individual actions. Environmental Impact Assessments, Strategic Environmental Assessments and Climate Risk Assessments will be prepared in advance, when a project could have a significant impact on the environment and in line with national legislation. The cumulative effects of the projects will be taken into account and, where necessary, mitigation and monitoring measures will be integrated in the project design. Gender issues will also be integrated in the project, according to EU guidelines on "*Mainstreaming gender equality to the project approach*".

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 9: Build resilient infrastructure, in particular through investments in transport, water supply, energy and information and communication technology but it also promotes progress towards Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all. This does not imply a commitment by Eastern and Southern Africa and Indian Ocean region benefiting from this programme.

¹⁵ SWD(2014) 152 final.

The overall objective of the action is to contribute to sustainable and inclusive economic development through regional economic integration, with an emphasis on the improvement of economic infrastructures.

In larger and more harmonised markets, the free movement of goods, services, capital and people enables economies of scale and lower transaction costs, and stimulates investment, thus spurring economic growth, increasing trade and job creation. The right mix of gradually-increased intra- and extra-regional competition allows for smooth integration into the global trading system and makes regional integration a vehicle for inclusive growth and accelerated poverty reduction.

4.2 Main activities

EU support will address projects with a regional dimension that can swiftly and efficiently deliver results, primarily in the sectors of energy and transport and, to a lesser extent, in the sectors of water and ICT. This regional dimension will take into account concrete steps to end energy poverty, which is a key barrier for growth and regional integration whilst enabling the development of sustainable sectors that will contribute to the region's transition to a low-carbon climate resilient green economy. The condition of a regional dimension is interpreted flexibly in the case of renewable energy projects as those projects almost per definition contribute to increased regional energy generation and regional power pools.

As to the transport sector projects under the AIP, greenhouse gas emission reductions and climate vulnerability are explicitly a focus of attention. Alternative modes of transport, namely railways, waterways and public transport will be promoted as areas of investment.

The DMROs and the EU have been engaging in a thorough analysis of the needs in those sectors, in dialogue with national governments, financial institutions and other donors, with the aim of establishing an indicative list of projects to be identified as a priority in the execution of the Regional Indicative Programme (RIP). This resulted in an indicative list of projects included in appendix to this action document. The list has been updated twice in consultation with DMROs to include new project proposals.

In addition, funds from this Contribution to the Africa Investment Platform may be used to perform the necessary studies to develop and finalise the most promising investment projects exploring both traditional and innovative financing mechanisms. The type of preparatory work may include prefeasibility, feasibility and detailed design studies or complementary (environmental/social/climate risk) studies or updating of existing studies.

Overall, i.e. for the total amount of the present and all subsequent contributions from the RIP, the indicative geographical distribution will be based on the number of countries and their geographical coverage, resulting in the following indicative proportion of investments:

1. Eastern Africa (Burundi, Djibouti, Democratic Republic of the Congo, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, South Sudan, Sudan, Tanzania, Uganda) – 52% of the envelope;
2. Southern Africa (Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe) – 38% of the envelope;
3. Indian Ocean (Comoros, Madagascar, Mauritius, Seychelles) – 10% of the envelope.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 120 months from the date of the adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute a non-substantial amendment in the sense of Article 9(4) of the Annex of Regulation (EU) 2015/322¹⁶.

5.3 Implementation of the budget support component

N.A.

5.4 Implementation modalities

Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation.

5.4.1 Contribution to the Africa Investment Platform (AIP)

This contribution may be implemented under indirect management with the entities called Lead Financial Institutions, and for amounts to be identified by a complementary decision, in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of Regulation (EU) 2015/323.

The entrusted budget-implementation tasks consist in the implementation of procurement, grants, financial instruments and payments. The entrusted Member State agency or international organisation shall also monitor and evaluate the project and report on it.

The Lead Financial Institutions and the project amounts are not definitively known at the moment of adoption of this Action Document but are indicatively listed in its appendix. A complementary financing decision will be adopted under Article 84(3) of Regulation (EU, Euratom) No 966/2012 to determine the Lead Financial Institutions and project amounts definitively.

Certain entrusted entities are currently undergoing the ex-ante assessment in accordance with Articles 61(1) and 140.13 of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 17 of Regulation (EU) 2015/323. The Commission's authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Art 140 of Regulation (EU, Euratom) No 966/2012, applicable in accordance with Article 40 of Regulation (EU) 2015/323, they can be entrusted with budget-implementation tasks under indirect management.

5.5 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.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

¹⁶ Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11th European Development Fund (OJ L 58, p. 1 of 3.3.2015).

5.6 Indicative budget

	EU contribution (in EUR)	Indicative third party contribution
5.4.1 Contribution to the Africa Investment Platform*	200 000 000	See appendix
5.9 Evaluation, 5.10 Audit	To be covered by another measure constituting a financing decision	N.A.
5.11 Communication and visibility	included in the Contribution to the African Investment Platform (5.4.1)	N.A.
Total	200 000 000	See appendix

* The contribution to the Africa Investment Platform includes the fees to be paid to the Lead Financial Institutions defined in the contractual arrangements of each specific project.

5.7 Organisational set-up and responsibilities

The organisational set-up and responsibilities are those put in place in the context of the Africa Investment Platform.

The contribution will be implemented under the governance of the EDF blending framework with a decision-making process organised in a two level structure:

- opinions on projects will be formulated by the Board, held whenever possible back to back with EDF committee meetings;
- such opinions will be prepared in dedicated Technical Meetings, where the project application forms completed by the lead financial institution, in full coordination with the relevant EU delegation and the European Commission, are assessed.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of individual projects will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner 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 (outputs and direct outcomes) as measured by corresponding indicators, using as reference the relevant minimum set of indicators defined in the EU blending results framework and the relevant indicators defined in the regional programme. 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).

5.9 Evaluation

Having regard to the nature of the action, evaluations will not be carried out for this action or its components.

At the level of the individual operations, evaluation tasks will be carried out under the responsibility of the Lead Financial Institution and will be organised according to the requirements of each project. In case an evaluation is not foreseen, the Commission may,

during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The evaluation reports shall be shared with the partner countries and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

5.10 Audit

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 for one or several contracts or agreements.

The financing of such audit shall be covered by another measure constituting a financing decision.

5.11 Communication and visibility

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

The individual operations financed under 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 of the operations.

The European Commission and its implementing partners will abide by the visibility rules for European Union financing as per relevant provisions in the respective project agreements and contracts. For each individual project, a communication plan will be prepared by the lead Financial Institution, allowing the involvement of the EU delegations at key stages of the projects having visibility potential. Additional communication measures might be taken if necessary.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the operations financed under this Action and the appropriate contractual obligations. The communication and visibility obligations will be part of the implementing partners' responsibilities.

6 PRE-CONDITIONS

N.A.

APPENDIX 1
Africa Investment Platform - Indicative List of Priority Projects

No	Project title	Sector	Countries involved	Lead DMRO	Lead Financial Institution	Estimated Total cost (m EUR)	Estimated Africa Investment Facility grant (m EUR)
1	Zambia - Tanzania - Kenya Interconnector	Energy	Tanzania, Zambia, Kenya	COMESA	AFD	190.0	To be determined
2	Zambia - Tanzania - Kenya Interconnector: Sector Mbeya - Kabwe	Energy	Tanzania, Zambia, Kenya	COMESA	EIB	210.0	25.0
3	ZIZABONA Interconnector	Energy	Zimbabwe, Zambia, Botswana, Namibia	SADC	KfW, EIB	169.0	20.0
4	Masaka (UG) - Mwanza (TZ) transmission line (220 kV)	Energy	Uganda, Tanzania	EAC	KfW (TZ), AFD (UG)	135.0	22.0
9	Eritrea - Sudan Interconnector	Energy	Eritrea, Sudan	COMESA	pending	53.0	To be determined
10	Namibia - Angola Interconnector	Energy	Namibia, Angola	SADC	EIB	To be determined	To be determined
13	HCB (Cahora Bassa) North Bank	Energy	Mozambique	SADC	AFD	603.0	To be determined
14	Batoka Gorge Hydropower	Energy	Zambia, Zimbabwe	SADC	pending	1,800.0	To be determined
15	Rwanda Geothermal Power Plants (Kinigi, Rubavu, Bugarama)	Energy	Rwanda	EAC	pending	To be determined	To be determined
16	Tanzania Geothermal Power Plants (near Mbeya)	Energy	Tanzania	EAC	AFD	40	To be determined
18	Road Rehabilitation Kolwezi – Dilolo	Transport	DRC	COMESA	pending	90.0	To be determined
19	Airport Rehabilitation Lilongwe & Blantyre	Transport	Malawi	pending	EIB	30.0	To be determined
21	(Lukaga Dam) Lake Tanganika, Ports Mpulungu & Bujumbura	Transport	Burundi, DRC, Tanzania, Zambia	COMESA	pending	60.0	To be determined
25	Berbera Corridor	Transport	Somalia	IGAD	pending	200.0	To be determined
26	Road rehabilitation Nadapal - Kitale - Isebania/ Mara & Simiyu Boder - Nyanguge	Transport	Kenya - South Sudan	EAC	KfW	750.0	30.0

27	Road upgrading of Kampala Jinja	Transport	Uganda	COMESA	EIB / KfW	690.0	40.0
28	Railway improvement Dar Es Salaam – Isaka	Transport	Tanzania	EAC	EIB	500.0	20.0
29	Rehabilitation of Kagitumba - Rusumo - Lusahunga	Transport	Rwanda/ Tanzania	EAC	AfDB	140.0	20
30	Road Cankuzo – Gahumo - Murusaganba - Nyakahura	Transport	Burundi-Tanzania	EAC / COMESA	AfDB	80.0	10
31	Port of Mombasa	Transport	Kenya	EAC	KfW	270.0	30.0
32	Road Mieso - Dire Dawa	Transport	Ethiopia	COMESA	EIB	157.0	40
33	Berth Extension and Strengthening of the Mauritius Container Terminal	Transport	Mauritius	IOC	AFD	15.0	To be determined
34	Cargo and Freeport Development at the Airport	Transport	Mauritius	IOC	AFD	8.0	To be determined
35	Improving Digital Interconnectivity in Island States	ICT	Indian Ocean Islands	IOC	AFD	70.5	15.0
36	Port development in Comoros	Transport	Comoros	IOC	EIB	70.5	15.0
37	Rodrigues Airport Development Project	Transport	Mauritius	IOC	AFD	60.0	10.0
39	Multilateral Lake Victoria Maritime Communication and Transport (MLVMCT)	Transport	Kenya, Uganda, Tanzania	EA region	AfDB	32.86	5.0
40	Extension of South Sudan Corridor (Kitale - Kapchorwa) – Uganda part	Transport	Kenya, Uganda	EA region	AfDB	233.0	30.0
41	North-South corridor improvement in Zambia (Serenje-Mpika section 3)	Transport	Zambia	SA region	AfDB	225.0	To be determined
42	Bagamoyo Lunga Lunga Malindi Road between Kenya and Tanzania	Transport	Kenya, Tanzania	EA region	AfDB	703.0	50.0
43	Second runway of JKIA Nairobi	Transport	Kenya	EA region	AfDB	107.0	30.0
44	Resano-Garcia / Maputo railway line (rehabilitation)	Transport	Mozambique	SA region	AFD	170.0	20.0
45	Kakono Hydro Power Project (87 MW)	Energy	Tanzania	EA region	AfDB	380.0	35.8

46	Malagarasi Hydro Power Project (45 MW)	Energy	Tanzania	EA region	AfDB	95.0	To be determined
47	Mini Hydro Power Stations in the area of responsibility of Lake Victoria South Water Services Board	Energy	Kenya	EA region	KfW	To be determined	14.0
48	Ethiopia Sudan extra high voltage Power Systems Interconnection	Energy	Sudan	IGAD	pending	550.0	To be determined
49	MOZIZA Transmission Line	Energy	Mozambique, Zimbabwe, South Africa	SA region	KfW, AfDB	To be determined	To be determined
50	Mozambique-Zambia Interconnector (MOZA)	Energy	Mozambique, Zambia	SA region	AfDB, EIB	To be determined	To be determined
51	Malawi-Zambia Interconnector	Energy	Malawi, Zambia	SA region	EIB	To be determined	To be determined
52	Power Sector Investment Program (Mega project Angola)	Energy	Angola	SA region	AfDB, EIB	To be determined	To be determined
53	Songwe River basin development	Energy, water	Malawi, Tanzania	SA-EA region	AfDB	690.0	To be determined
54	BioMass Power Station	Energy	Namibia	SA region	KfW	To be determined	30.0
55	Construction of New Hydro Power Plant Tsate	Energy	Mozambique	SA region	KfW	To be determined	To be determined
56	Caia-Nacala Transmission Line	Energy	Mozambique	SA region	AfDB	To be determined	To be determined
57	Contribution to Somali Infrastructure Fund	Transport, energy, water, ICT	Somalia	EA region	AfDB	To be determined	40.0
58	Affordable foreign exchange protection SE4ALL investments	Energy	Sub-Sahara Africa		KfW	130.0	30.0
59	Dondo Dry Port	Transport	Mozambique	SADC	AfDB/DBSA	79.00	To be determined
60	Francis Town –Nata Road	Transport	Botswana	SADC	pending	60.00	To be determined
61	Nata Pandamatenga Road	Transport	Botswana	SADC	AfDB	79,675	To be determined
62	Palapye-Martins Drift Road	Transport	Botswana	COMESA/ SADC	AfDB	110	To be determined
63	Bulawayo-Beitbridge Road	Transport	Zimbabwe	COMESA	AfDB	320	To be determined
64	Lesotho Lowlands Water Supply Scheme Unit (LLWSSU), phase II	Water/energy	Lesotho	SADC	EIB	To be determined	To be determined

65	Lomahasha/Namaacha Cross-Border Water Supply	Water	Mozambique, Swaziland	SADC	KfW	25.5	17.5
67	Rehabilitation of road to Lac Abbé	Trans- port	Djibouti	IGAD	pending	70.00	To be determined

Acronyms:

AFD Agence française de Développement

AfDB African Development Bank

KfW Kreditanstalt für Wiederaufbau

EIB European Investment Bank



EN

This action is funded by the European Union

ANNEX 2

of the Commission Decision on the Annual Action Programme 2018 – part 1 in favour of Eastern Africa, Southern Africa and the Indian Ocean to be funded from the 11th European Development Fund

Action Document for the "Programme in support of Seychelles implementation of the current EPA (SEPA)"

1. Title/basic act/ CRIS number	<i>Programme in support of Seychelles implementation of the current EPA (SEPA)</i> CRIS number: RSO/FED/038-551 Financed under 11 th European Development Fund (EDF)			
2. Zone benefiting from the action/ location	Seychelles The action shall be carried out at the following locations: Mahé, Pralin, La Digue			
3. Programming document	11 th EDF Regional Indicative Programme (RIP) for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) (2014-2020)			
4. Sector of concentration/ thematic area	Regional Economic Integration	DEV. Aid: Yes		
5. Amounts concerned	Total estimated cost: EUR 10 260 000 Total amount of EDF contribution EUR 10 000 000 This action is co-financed in parallel co-financing by: – the Republic of Seychelles for an amount of EUR 260 000.			
6. Aid modality and implementation modality	Project Modality Indirect management with the Republic of Seychelles			
7 a) DAC code	33110 Trade policy and administrative management			
b) Main Delivery Channel	12001 – recipient government			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			
10. Sustainable Development Goals (SDGs)	This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of Goal 8 (Decent work and economic growth); but also promotes progress towards Goal 1 (No poverty), Goal 5 (Gender equality), Goal 12 (Ensure sustainable consumption and production patterns) and Goal 13 (Climate action).			

Summary

Seychelles trade policy is predominantly focused on mitigating its vulnerabilities to income volatility and external shocks through diversification of its exports basket and markets, promotion of exports of value added products and improving the trade and business climate for enhanced competitiveness and sustainable growth.

The programme aims at enhancing the capacity of the public and private sector to reap the full potential of the current Economic Partnership Agreement (EPA) thus enhancing Seychelles' competitive integration into the regional and international trading system. For the manufacturing component, the focus being on the promotion of clean technologies, the project therefore also offers an entry point to address climate change mitigation and adaptation measures, in line with the country's Intended Nationally Determined Contributions.

An important component of the EPA support project concerns the development of the productive sector, meaning small and medium enterprises (SMEs). These SMEs are expected to generate employment and economic empowerment. The programme will ensure that priority is given to women-led enterprises.

The specific objectives are:

SO 1: Improve the efficiency, ownership and capacity of key actors to manage and implement the current EPA, as well as other trade and regional integration agreements;

SO 2: Support value chains upgrading in the manufacturing, agriculture and fisheries sectors and job creation through high value addition, including through using environmentally friendly production techniques;

SO 3: Improve trade facilitation and trade and investment promotion.

1. CONTEXT

1.1 Sector/Country/Regional context/Thematic area

With a per capita income of USD 15 359, Seychelles is classified as a high-income country with low absolute poverty. However poverty and income inequality appear to be high - with the poverty line for 2013 estimated at SCR 3 945 per adult, the estimated proportion of the population below the poverty line stood at 39.3% and the food poverty line was at SCR 3 193 translating to a head count food poverty of 24.3%. Furthermore, EU financed 2017 Gender Analysis Report for Seychelles reveals that poverty in female-headed households is substantially higher than poverty in male-headed households. There is both interest and scope for more women to become entrepreneurs provided they get the appropriate support.

The country displays some of the main characteristics of Small Island Developing States (SIDS) when it comes to its trade profile – that is a small and highly concentrated economy with fisheries and tourism making up over 50% of its Gross Domestic Product (GDP), coupled with a high level of trade openness (exports and imports accounting for a large share of domestic economic activity). As a small island state, its business environment faces structural constraints and is vulnerable to external shocks. Seychelles stands at 90th out of 190 countries in the overall ease of doing business ranking according to the World Bank Doing Business 2018 report.

In terms of structure of the economy, the services sector has a growing share while industry and manufacturing have been declining substantially over the past years. Currently the manufacturing sector accounts for less than 10% of GDP, employing 10% of formal employees. The manufacturing sector is dominated by fisheries (namely tuna-fish canning), beverage manufacturing and a series of smaller-scale production especially in the food processing sector.

The Seychelles' top five export markets in 2014 were France (38%), UK (32.6%), Italy (18.1%), Netherlands (1.77%) and Japan (0.83%), while its main suppliers were United Arab Emirates (31.9%), France (8.89%) and Spain (7.9%). The EU remains a key trading partner for the Seychelles. In 2015, EU market share of exports and imports stood, respectively, at 65% and 41%. Main exported products to EU are canned tuna, fish meals (animal feeds) and frozen fish mostly skipjacks that are mostly supplied by EU vessels fishing in the Indian Ocean.

Climate change is also threatening coral reef systems, which are a major tourist attraction, and an essential foundation for the islands fisheries and the conservation of biodiversity.

With a population of 95 000 inhabitants, the country faces capacity constraints, which are accentuated by young Seychellois – in particular those in the working age group – going abroad for studies or work.

1.1.1 Public Policy Assessment and EU Policy Framework

In spite of inherent structural challenges, the country's recent economic success stems from the government's commitment to reform its economy via the Bretton Woods-led macroeconomic programmes.

With EU as one of its most important trading partners, Seychelles signed the EU-ESA interim Economic Partnership Agreement (i-EPA) on 29 August 2009 and ratified it in May 2010. Analysis of the Agreement reveals that the country currently meets fully 42%, substantially 36%, and partially 20% of the provisions and commitments of the agreements¹. This indicates that the implementation of the provisions of the Agreement is well underway and particularly in terms of adjustment to national legislation. The various trade reforms engaged by the country over the years contribute to this high level of achievement. Through this project,

¹ Seychelles EPA Implementation Strategy 2017-2020

Government's aim is to significantly improve its level of compliance (e.g. full tariff liberalisation on final goods by 2022 and the reports from the EPA/Regional Integration Compliance Monitoring Tool, to be developed under the present project, would assist with the monitoring and reporting of the level of compliance.

Seychelles EPA Implementation Strategy 2017-2020 has been elaborated to take advantage of preferential market access and reap the full potential of the current EPAs in terms of social and economic development through a sustainable and inclusive expansion in trade and investment. The Strategy is based on three mutually reinforcing pillars grouped in five categories of measures, namely:

- i. Improving ownership, communication and sensitisation on the current EPA as well as institutional capacity to manage and implement the current EPA, trade and regional integration agreements; (Category A measures);
- ii. Pursuing the current EPA and trade related reforms and stimulate a business enabling policy, legislative and regulatory environment (Category B measures);
- iii. Strengthening the role of high value niche sectors manufacturing as a dynamic force of economic development and transformation in Seychelles. This includes enterprise development (Category C), Seychelles' blue economy roadmap implementation (Category D measures) as well as improving export market development and promotion (Category E measures).

The EPA Strategy is situated within the context of the National Development Strategy (NDS) 2015-2019 which presents the development orientations of the Seychelles. It also stems from and reinforces the Seychelles Sustainable Industrial Competitiveness Policy 2015–2020; the National MSME Policy and Strategy for Seychelles 2015–2020, the Seychelles National Agricultural Investment Plan (SNAIP); and Seychelles Blue Economy Roadmap 2015-2020. The focus of the EPA strategy on clean technology is also fully in line with the country's Intended Nationally Determined Contributions which targets the development of policy direction and strategies to encourage and enhance action on technology development and transfer of cleaner technologies.

The programme is consistent with the EU Development Policy, the EU Trade Policy, the EU Agenda for Change and the Communications on Trade, Growth and Private Sector Development, which prone the importance of inclusive and sustainable growth. By espousing the objective of economic growth and job creation through private sector development, the programme is consistent with the objectives set under the European External Investment Plan (EEIP) and will contribute to support the implementation of the third pillar of the EEIP, focusing on improving the business environment and investment climate, which is consistent with the objectives of EPA implementation.

The current EPA project will also assist in achieving the objectives of the Gender Analysis undertaken in 2017 with EU funding, by promoting equal access by women to financial services, productive resources including land, trade and entrepreneurship.

1.1.2 Stakeholder analysis

The main stakeholders include Government and the private sector organisations and civil society organisations. Various consultation meetings have been organised with them either in joint forum or individually during both the identification and the formulation phases of this project. As a transversal activity, the majority of the stakeholders will benefit directly or indirectly from capacity building actions (technical and/or technological). More specifically, the project will impact on key target groups.

The project will act as a leverage to facilitate exchanges among the various stakeholders. In this respect, the Trade Division of the Ministry of Finance, Trade and Economic Planning – in charge of the implementation of this project – will have a key role to play in maintaining constant dialogues with the stakeholders. Steering committee meetings will represent

appropriate opportunities to allow all stakeholders discuss and agree on the strategic orientation of the project.

1.1.3 Priority areas for support/problem analysis

The main problems hindering Seychelles from reaping the full potential of the Agreement are as following:

Insufficient ownership and institutional capacity to manage and implement the current EPA, trade and regional integrations agreements

In Seychelles, there is an overall shortage of the necessary human, technical and financial resources required for effective implementation of trade agreements. The institutional framework and coordination capacity of the current EPA are weak because of limited human resources which is a general characteristic of Small Island Development States (SIDS).

The lack of competition and the high cost of credit have meant that private sector development has been limited or not achieved its full potential. The combined effect is negatively impacting on the ability to implement and take advantage of trade agreements. It is also suspected that the pricing structure and the non-translation to consumers of the reduction in tariff could be exhibiting monopolistic competition behaviour and lack of competitive pricing structure.

Furthermore, as trade is liberalised, there are more associated risks to the tax base and revenue collections. In addition, despite past efforts, the private sector enabling environments are not geared to maximise benefits of trade for sustainable social and economic development. There is also a need to strengthen the technical and management capacity of trade-related institutions to effectively deepen the Seychelles-EU cooperation under the current EPA, for instance on the modernisation of the Rules of Origin, in Sanitary and Phytosanitary measures (SPS) and/or trade facilitation. Similarly, the national EPA coordination platform needs to be put in place and operationalised.

Structural Impediment and Supply Side Capacity Constraints of Productive Sector

The manufacturing sector dominated by the fishing industry, plays a key role in the economy. However, it is faced with a number of impediments linked for instance to remoteness from main trading hubs, etc. There is however potential for the country to further develop its (small-scale) manufacturing and agro-processing base while at the same time capitalising more on the Seychelles' "brand".

Inadequate trade facilitation and accesses to services for market and export information

Reducing clearance times and saving customs resources remain key issues. There has been no business process reengineering following the migration to ASYCUDA (Automated Systems for Customs Data) World. Currently, there are also no business development support services which provide the private sector with adequate trade promotion and market access services.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Ownership, gender ownership, capacity and commitment to results by project owners and stakeholders might be variable	L	All stakeholders have participated in the design of the programme. Sensitisation on ownership, commitment and leadership as well as capacity building in view of expected results are imbedded in the programme.

Sustainability of the fisheries management	M	The Seychelles benefits from the EU Sustainable Fisheries Partnership Agreement which makes provision for the support of the Seychelles sustainable fisheries development policy, implementing fisheries management plans, monitoring and surveillance of each artisanal, semi-industrial and industrial fishery. Seychelles also benefits from the EU-funded SMARTFISH project, which focuses on the sustainable exploitation of fisheries via the development of a sustainable inland and marine fisheries and aquaculture sector.
Contractors backing out because of the small market size or other contractual problems e.g. in calibration of equipment according to EU norms, etc	M	A particular attention will be paid to describe the scope of assignments in full detail in tender documents.
Lack of skilled and gender sensitive human resources	M	The programme will act as leverage to trigger strategies that will address inequalities, to ensure equal access to, and control over, resources to enhance gender balance at decision making levels. Additionally, the project will strengthen the gender competence of the National Authorising Officer (NAO) and will include gender expertise in the Steering Committee.
Assumptions		
<ul style="list-style-type: none"> • Government remains committed to economic policy, industrialisation and trade policy reform, to improve economic governance and economic management, and particularly to improve competitiveness. • Adequate staff with the right skills and competences is assigned to management and implementation of the project. • The willingness of all stakeholders to participate in the project is maintained high throughout the life of the project. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The programme formulation benefits from useful lessons learnt from the implementation of recent trade-related projects funded both by the EU and by other donors. Experience from the 10th EDF Regional Integration Support Programme (RISP 3) for instance highlights the importance of paying a particular attention to the following elements/issues: a) limited capacity of Government in implementing EU cooperation under indirect management calls for technical assistance for implementation of projects; b) awareness raising, knowledge development and policy dialogue are critical for promoting the benefits of the current EPA as local private and public institutions lack resources; c) capacity development needs to be demand driven; d) need to develop a comprehensive well balanced project and to avoid a shopping list of interventions. The 10th EDF SMARTFISH project also highlights the importance of involving stakeholders to ensure better appropriation of project activities and

results. Another important lesson learnt from the implementation of the above project is the pertinence of ensuring that contracts that will implement the project (services and programme estimate) are in well advanced stages of preparation by the time the financing agreement is ready for signature so as not to lose implementation time.

3.2 Complementarity, synergy and donor coordination

The European Union is currently providing direct support to the current EPA under the EUR 950 000 allocation made to Seychelles under the Regional Integration Support Programme (RISP 3). In addition, Seychelles also benefits from funds under the ongoing Regional Integration Support Mechanism (RISM) programme, which includes a compensation mechanism to cover for net tariff revenue losses arising from trade related fiscal reforms.

The project is also in complementarity with the Sustainable Fisheries Partnership Agreement to which the EU contributes yearly close to EUR 5 million, of which around EUR 2.5 million goes towards supporting the fisheries sector directly. The EU project – under blending operation with the European Investment Bank (EIB) and Agence française de développement (AFD) – to rehabilitate and expand Port Victoria is also complementary to the SEPA as it will enhance the country's trade infrastructure.

Seychelles is also participating in the Regional Fisheries Surveillance Action Plan coordinated by the Indian Ocean Commission, and it is benefitting from the EDF funded SMARTFISH programme to improve the contribution of the fisheries sector to the economy of the region. Avoiding duplication with the above activities, the current programme will focus on post-processing of fish, waste and by-catch products with a high exports potential.

The EIB has also established a Credit line to the Seychelles domestic banking sector for lending purposes to local SMEs. Agence Française de Développement (AFD) is also discussing with Government a line of credit for SMEs via the Seychelles Development Bank. These are complementary to other development partners' programmes targeting trade and private sector development, in particular the Africa Development Bank (AfDB) Fund for Africa Private Sector Assistance (FAPA) which strengthens the institutional capacity of the Small Business Finance Agency (SBFA²), and the Small Enterprise Promotion Agency (SEnPA³).

Furthermore, the Inclusive Private Sector Development and Competitiveness Programme - phase II (IPSDCP-II), funded by the African Development Bank (ADB), aims to achieve inclusive and sustained economic growth through enhanced competitiveness of the economy of Seychelles by supporting a series of reforms to address key constraints to private sector development that focus on SMEs.

The programme is also in complementarity with the ongoing World Bank SWIOFISH project targeting research, data, governance and monitoring, control and surveillance in the sector. It also complements government demarche to issue a blue bond valued at USD 15 million over 10 years with guarantees from the World Bank and the Global Environment Facility to support the transition to sustainable fisheries. The funds will be used towards the sustainable management of the fisheries plateau, which is not the focus of this programme hence demonstrating the complementarity that is being developed.

Although there is no formal trade and private sector development donor coordination mechanism in place, the identification and formulation of this programme has provided a window for the EU to organise several meetings with all stakeholders, including the EU MS and Agence Française de Développement to discuss and coordinate possible interventions in this domain. Coordination gap will be addressed via dedicated actions foreseen under the 11th

² An independent credit facility that provides micro loans.

³ Providing training to MSME.

EDF TCF in view of reinforcing government capacity in this direction and hence ensure full complementary among donor projects.

3.3 Cross-cutting issues

Gender issues: Two key objectives of the Seychelles' National Gender Policy 2016 are to: (i) ensure the mainstreaming of gender perspectives into all policies, structures, systems, programmes and activities in order to make them gender responsive and contribute to the effective achievement of sustainable socio-economic and political development and (ii) promote equal representation and participation of women and men at all levels and sectors of decision-making and ensure that gender equality is championed in all agendas. The activities under these proposed projects will be undertaken with the view of achieving these objectives. Efforts shall be made to ensure that firms level support and capacity building activities which take into consideration of equal participation of men and women in the activities take cognizance of women participation. Where possible, programme indicators are gender sensitive.

Environment: Under the proposed project, the sustainable development of the productive sector is proposed as a key activity. In this respect, sub-activities foreseen include industrial upgrading, quality improvement, innovation, use of clean and low carbon production, and transition to blue economy, of clustered MSMEs of key value chains. In this manner, the project will serve as a leverage for the use of green technology in industry (e.g. through the development of policy direction and strategies to encourage and enhance action on technology development and transfer of cleaner technologies as spelt out in the Intended Nationally Determined Contribution) and help in climate change mitigation by reducing Greenhouse Gas (GHG) emissions. Climate change adaptation is also foreseen in the project, namely via the support to diversification strategies. Capacity building of aquaculture will explicitly promote an environmentally sustainable and climate resilient aquaculture development.

Employment: Strengthening Business Support Organisations will emphasise and promote employment creation and facilitate the transfer of labour to other promising sectors. With the development productive sectors, green and decent jobs are foreseen.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 8 (Decent work and economic growth); but also promotes progress towards Goal 1 (No poverty), Goal 5 (Gender equality), Goal 12 (Ensure sustainable consumption and production patterns) and Goal 13 (Climate action).

The overall objective of the programme is to enhance trade through a competitive integration of Seychelles into the regional and international trading system.

The specific objectives are:

SO 1: Improve the efficiency, ownership and capacity of key actors to manage and implement the current EPA, as well as other trade and regional integration agreements;

SO 2: Support value chains upgrading in the manufacturing, agriculture and fisheries sectors and job creation through high value addition, including through using environmentally friendly production techniques;

SO 3: Improve trade facilitation and trade and investment promotion.

Expected results under those specific objectives are the following:

SO 1: Improve the efficiency, ownership and capacity of key actors to manage and implement the current EPA, as well as other trade and regional integrations agreements

- **Result 1.1:** Improved capacity and gender awareness to effectively negotiate, implement and ensure conformity with trade agreements and the EPA, with the following sub-results:
 - **Sub-result 1.1.1:** An EPA/Regional Integration Compliance Monitoring Tool is developed and is operational
 - **Sub-result 1.1.2:** A blue economy roadmap is developed to strengthen blue economy governance for sustainable and resilient development
 - **Sub-result 1.1.3:** EPA Strategy implementation, monitoring and gender-sensitive evaluation system is in place and is operational
 - **Sub-result 1.1.4:** Current EPA and trade related agreements are integrated and mainstreamed into the policy and legal frameworks
 - **Sub-result 1.1.5:** Awareness raised on the EPA content, opportunities and obligations via the compilation, analysis and dissemination of data and information to relevant stakeholders, including private sector, as well as dissemination of EPA success stories
 - **Sub-result 1.1.6:** Government officials are trained in trade negotiations and in trade policy formulation and analysis.
- **Result 1.2:** Enhanced capacity for the implementation of effective tax system and fiscal reform measures, that are gender-sensitive.
- **Result 1.3:** Improved capacity to effectively pursue and implement trade reforms (SPS, TBT, dispute settlement, tariffs, competition, trade defence measures, non-tariff measures, rules of origin, investment regime, intellectual property rights, etc.), while ensuring that adequate environmental⁴ and gender sensitive standards and regulations are in place, and frameworks are developed to stimulate manufacturing and MSME.

SO 2: Support value chains upgrading in manufacturing, agriculture and fisheries sectors and job creation through high value addition, including through using environmentally friendly production techniques

- **Result 2.1:** Improvement in capacities and systems to enhance processing and post processing of products, waste and by-products, and the development and upgrading of the value chains to significantly increase the value retained in Seychelles from the existing resource base.
- **Result 2.2:** Improvement in capacities to enhanced agriculture-based niche processing clusters and commercialisation of value-added products in selected commodity chains.
- **Result 2.3:** Development of market intelligence on fisheries.
- **Result 2.4:** Improved and expanded infrastructure, training, research and innovation in the aquaculture sector, through transfer of know-how and institutional twinning.
- **Result 2.5:** Increased awareness about the effectiveness of using cleaner energy and production processes and implementation in the production process.

In essence, support to value chain development and upgrading will be consistent with developing an improved business environment and exploitation of value chains in the fisheries and the agro sectors as vectors for growth and job creation. While the project will identify high value products with export potential, the information will benefit the private sector (SMEs) which will be accompanied by training and capacity building activities.

⁴ This will include biodiversity considerations. This programme via result 2.3 will impact on biodiversity management and will leverage via policy dialogues with Government attention to the issue of Fishing Aggregate Devices (FAD), which is a preoccupying cause of marine biodiversity losses.

SO 3: Improve trade facilitation and trade and investment promotion

- **Result 3.1:** Updated systems and capacity building of key institutions to improve customs operations in conformity with the WTO Agreement on Trade Facilitation and facilitate trade under the EPA.
- **Result 3.2:** Enhanced market access and trade promotion portfolios of services to MSMEs.

4.2 Main activities

The key activities include:

For Result 1.1:

- ✓ Develop a software tool on EPA and regional integration commitments and its accompanying user-manual inclusive of user-training (A1.1.1)
- ✓ TA on the effectiveness of existing blue economy development, inclusive of capacity building on blue-economy related governance (A1.1.2)
- ✓ Long term technical assistance to the Regional Integration Unit to oversee the implementation of the EPA Strategy and projects identified for implementation (A1.1.3)
- ✓ Capacity Building and Technical Assistance to review current legislations and policies to ensure conformity to EPA commitment and to make necessary gender sensitive legislative changes (A1.1.4)
- ✓ Issue-specific workshops on obligations under the EPA for Government officials (SPS, TBT, Rules of Origin, etc.)(A1.1.5.1)
- ✓ Workshops and training programmes for the private sector (A1.1.5.2):
 - on EPA content touching on gender-sensitive opportunities and obligations
 - on the use of ITC market tools
- ✓ Production of EPA cases (success stories) to disseminate information on the opportunities and benefits of EPA (A1.1.5.3)
- ✓ Training of Trade Division staff in trade negotiations, trade policy formulation, market analysis tools and statistical analysis and data exploitation (A1.1.6)

For Result 1.2:

- ✓ Development, installation and operationalisation of the new tax system, and customs software, including capacity building of SRC staff, addressing the effective collection of taxes arising from increased trade initiatives as a result of the EPA (A1.2)

For Result 1.3:

- ✓ Capacity building of institutions to implement trade reforms (A1.3.1)
 - Training on efficient delivery of notification and enquiry point functions for trade and trade related issues
 - Capacity Building for National TBT Committee and National SPS committee to implement measures according to WTO agreements and international best practices
 - Capacity Building for Trade Division Staff to undertake Rules of Origin (RoO) reforms
 - Technical Assistance and Capacity Building to undertake reforms and modernisation in laws and regulations governing Intellectual Property (IP) Rights.
 - Establishment of an Intellectual Property Office (IPO) as a one-stop-shop for copyright and industrial property issues
 - Acquisition of equipment and software (servers, etc.) for the IPO
 - Capacity building for staff manning the IPO
 - Initial funding for activities to be undertaken by the IPO.

- ✓ Support to the Fair Trading Commission (FTC) (A1.3.2), specifically in:
 - Procurement and installation of a market surveillance software and relevant training for the use of the software
 - Upgrade of existing databases used by the FTC and relevant training pertaining to the use of the upgraded databases
 - Technical assistance for drafting of legislation following the review of the Fair Trading Act
 - Capacity building for staff of the FTC in the areas of consumer protection, competition, legal enforcement in other jurisdictions and drafting of guidelines and regulations
- ✓ Support to NATCOF in the form of financial support to employ a Programme Development Officer for two years (A1.3.3)
- ✓ Funding for acquisition of equipment and required training to enhance Government's provision of quality assurance services to private sector including SMEs (A1.3.4)

For Result 2.1:

- ✓ Identify high value products with export potential (A2.1.1)
- ✓ Set up a monitoring programme on resources available locally with potential for export (A2.1.2)
- ✓ Put in place systems, training and capacity building actions for improved and more efficient treatment of by-products, including but not limited to, the cinnamon sector, fish waste and bee-keeping (A2.1.3)
- ✓ Technical assistance and capacity building (A2.1.4) on:
 - effectiveness of the existing regulatory framework /incentive schemes for the private sector in order to develop a baseline of uptake in value chains activities where there is export potential
 - studies in agro-processing development
 - value chain management of products with export potential including but not limited to, livestock product value chain studies for poultry, pig and goats; facilitate crop producers association to promote value chains and bee-keeping

For Result 2.2:

- ✓ Funding for equipment for the development of:
 - Abattoirs
 - Hatchery

For Result 2.3:

- ✓ Develop the Seychelles brand for fish and fisheries products (aquaculture and fisheries) through studies and surveys, in accordance with good practices as stipulated by the FAO (A2.3)

For Result 2.4:

- ✓ Capacity building for Government and private sector on aquaculture development, with the view of promoting environmentally sustainable and climate resilient aquaculture development (A2.4.1)
- ✓ Funding for infrastructural requirements for aquaculture (A2.4.2)
- ✓ Aquaculture research and innovation (A2.4.3)

For Result 2.5:

- ✓ Technical assistance to review sustainability strategies of the sectors and coordinate the development or use of existing global industry based sustainability strategies/criteria and indicators, including capacity building (A2.5.1)
- ✓ Technical assistance to assess the contribution of various sectors to carbon pollution and impact on the marine environment and develop/adapt existing global standards/resilience strategy guidance, indicators and criteria for climate smart low carbon building on existing private sector models(A2.5.2)
- ✓ Develop communication materials (web based and otherwise) (A2.5.3)

For Result 3.1:

- ✓ Upgrading of ASYCUDA World and the creation of a Single Window System using ASYCUDA World including training and development of SOPs (A3.1.1)
- ✓ Support the development of the Authorised Economic Operator system and the REX System (A3.1.2)

For Result 3.2:

- ✓ Capacity building on trade promotion and equipment for the Trade Information and Promotion Centre (A3.2.1)
- ✓ Organising Business-to-Business fora (B2B) to put foreign investors in contact with the local private sector via seminars, etc⁵ (A3.2.2)
- ✓ Providing financial support for participation to trade fairs abroad (A3.2.3)
- ✓ TA on packaging and labelling to improve exportability of local products under the Seychelles 'brand' for products other than from the fisheries sector (A3.2.4)
- ✓ Structured dialogue with SCCI and capacity building of SCCI for the establishment of an SME incubator through relevant technical assistance and capacity building (A.3.2.5)

4.3 Intervention logic

The aim of the project is to enhance the capacity of the public and private sector to reap the full potential of the current EPA thus enabling Seychelles' competitive integration into the regional and international trading system.

The identified gap in attaining this objective includes but is not limited to the lack of identified diversity in the pool of products with potential to export, innovative use of waste to by-products, product quality assurance services for certain products locally, requirement for more transparency, ease of access to trade related information, limited development in the aquaculture sector for the sustainability of fish stocks and software for the monitoring of the implementation of the provision of the EPA.

Therefore, this programme will focus on trade facilitation, expansion of the export product base, and other projects to address the gaps and achieve the overall objective. However, trade is transversal impacting simultaneously on several other sectors/domains such as fisheries, agriculture, tourism etc., with significant spill-over effects on economic growth, job creation and hence mobility, gender⁶ and the environment. Consequently, this programme is highly relevant for the UN 2030 Agenda for Sustainable Development. It contributes to the achievement of SDG 8 (Decent work and economic growth); but also promotes progress towards Goal 1 (No poverty), Goal 5 (Gender equality), Goal 12 (Ensure sustainable consumption and production patterns) and Goal 13 (Climate action).

⁵ Cost of participation of ESA signatory countries can be sought from their respective EPA projects, hence ensuring the regional dimension of the EPA programme

⁶ EU financed 2017 Gender Analysis Report for Seychelles reveals that poverty in female-headed households is substantially higher than poverty in male-headed households.

However, the successful implementation of the programme rests on the general assumption of continued political and economic stability, essential to attract private sector investment, both local and foreign.

5 IMPLEMENTATION

5.1 Financing Agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of conclusion of the financing agreement.

5.3 Implementation of the budget support component

N/A.

5.4 Implementation modalities

5.4.1 Indirect management with the Republic of Seychelles⁷

This action may be implemented in indirect management with the partner country in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 EDF applicable in accordance with Article 17 of Regulation (EU) 2015/323, according to the following modalities.

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control 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 above EUR 100 000 (or lower, based on a risk assessment) and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the grant procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts below EUR 300 000 for procurement and grants.

The financial contribution partially covers, for an amount of EUR 5 000 the ordinary operating costs (e.g. press advertisement of tender process) incurred under the programme estimates.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable in accordance with Article 36 of the Regulation (EU) 2015/323 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the Republic of Seychelles shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323, will be laid down in the financing agreement concluded with the Republic of Seychelles.

⁷ Seychelles has a total population of around 95 000 inhabitants and consequently the administration suffers from capacity constraints. To avoid absorption capacity problems, a long term service contract is foreseen to accompany Government in the implementation of the project activities. In addition, Seychelles already benefits from a full time technical assistance in the fisheries sector financed under the SFPA who will assist the Seychelles Fisheries Authority in implementing corresponding activities foreseen under this project.

5.5 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.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

Activity	EU contribution (in EUR)	Indicative third party contribution (in EUR)
5.4.1 - Indirect management with the Republic of Seychelles	9 530 000	260 000
<i>Programme estimates (workshops, conferences, seminars, training, awareness campaigns – Activities under Results 1.1.5, 1.3, 2.4 and 3.2) - indicative amount</i>	<i>479 000</i>	<i>260 000</i>
<i>Technical assistance (Activities under Results 1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.1.6, 1.2, 1.3, 2.1, 2.3, 2.4, 2.5 3.1 and 3.2) - indicative amount</i>	<i>7 251 000</i>	-
<i>Supplies (Activity under Result 2.2) - indicative amount</i>	<i>1 800 000</i>	-
5.9 Evaluation and 5.10 Audit	120 000	-
5.11 Communication and visibility	50 000	-
Contingencies	300 000	-
Total	10 000 000	260 000

5.7 Organisational set-up and responsibilities

The contracting authority of the project will be the National Authorising Officer (NAO). The NAO / Deputy NAO will maintain financial responsibility and monitor the operations regularly. Reporting will be in line with the Practical Guide on Programme Estimates. The Ministry of Finance, Trade and Economic Planning in charge of the EPA dossiers will have the responsibility of implementing this project and ensure close coordination of project activities and in this regard will be in close contact with the various ministries, departments and organisations involved with and benefitting from the project activities.

A steering committee shall be set up to oversee and validate the overall direction and policy of the project. The project steering committee shall meet twice a year. The Committee will be chaired by the NAO (the contracting authority). Its composition will be determined by NAO. A representative of the EU Delegation will have observer status on the committee.

Under the Fisheries Partnership Agreement, a long term TA is financed at the Seychelles Fisheries Authority to reinforce their capacity in project implementation.

5.8 Performance monitoring and reporting

Project performance monitoring and reporting will be undertaken using the EPA/Regional Integration Compliance Monitoring tool that will be developed by the project and will be managed by the Trade division of the Ministry of Finance, Trade and Economic Planning. Performance monitoring will relate to indicators on trade expansion among others. Indicators will be disaggregated by sex to the extent possible. In the event that Seychelles receives the relevant capacity building from the EU to conduct Gender Responsive Budgeting (GRB), this will also be undertaken.

The Trade division will have the overall responsibility over the project monitoring system.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the contracting authority's responsibilities. To this aim, the implementing partner shall align its 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 (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. 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.

Furthermore, National Technical Committees (NTCs) will be setup to monitor the implementation of the activities. One NTC will be established for each SO. Therefore, three NTCs in total. The NTCs will be composed of the technical representatives from each implementing organisation responsible for activities under the respective SOs. These NTCs should aim to meet monthly and monitor the implementation as set out in work plans which will be derived. The Chairperson of each NTC will report to the Steering Committee. Furthermore, the imprest administrator and imprest accounting officer (or alternates) shall be a member of each NTC.

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).

5.9 Evaluation

Having regard to the importance of the action, a mid-term evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. Time foreseen for this is around 3rd quarter 2020 and it will be carried out for learning purposes, in particular with respect to ensuring that the project is not deviating from its initial goals and determine the impact of the project on final beneficiaries. The terms of reference for the evaluation shall be gender sensitive and gender experts shall be included in the evaluation team.

The purpose of the mid-term evaluation will also be to assess whether there is a need to reshuffle funds from under consuming activities to those which are progressing with significant impact. A final evaluation will be undertaken during 4th quarter 2022.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts and, inter alia, provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and

recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract 30 months after the start of implementation of the action.

5.10 Audit

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 for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in the 1st trimester of 2021.

5.11 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 and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, 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.

6 PRE-CONDITIONS

N/A

APPENDIX 1 - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	Enhance trade through the competitive integration of Seychelles into the regional and international trading system.	I % Increase in value of exports (regional and international) of transformed goods * (L1 30)	B 2015, Export value 228,513,106.55 €	T 5% increase in 2022	Seychelles in Figures edition	
Specific objective(s): Outcome(s)	SO 1: Improve the efficiency, ownership and capacity of key actors to manage and implement the current EPA, as well as other trade and regional integration agreements	<p>I1a Status of cross border trade index in the World Bank Ease of Doing Business Report</p> <p>I1b Extent to which Seychelles is compliant to the EPA</p> <p>I1c Extent to which Seychelles is compliant to the Regional Trade Agreements it is party to</p>	<p>B1a Ranked 84 on cross border trade in 2016</p> <p>B1b Partially compliant in 2016</p> <p>B1c Partially compliant in 2016</p>	<p>T1a Increased ranking on cross border trade in 2022</p> <p>T1b Substantially compliant in 2022</p> <p>T1c Substantially compliant in 2022</p>	<p>World Bank Ease of Doing Business Report</p> <p>Compliance Monitoring Tool Report / Implementation Plan</p> <p>Monitoring, Revaluation, and Evaluation reports of the Regional Economic Communities (RECs).</p>	<p>Political and economic stability in Seychelles and the its trading partners</p> <p>Availability of adequate resources to effectively implement the Trade agreements which Seychelles is party to</p> <p>Full commitment and participation of the national business community in contributing to the implementation of the provision of the Agreements</p>

	SO2: Support value chains upgrading in the manufacturing, agriculture and fisheries sectors and job creation through high value addition, including through using environmentally friendly production techniques	<p>I2a Extent to which the businesses in the sectors are able to benefit from high value addition to products</p> <p>I2b Extent to which the businesses in the sector are able to acquire and use environmentally friendly production techniques</p> <p>I2c Extent to which businesses are more competitive</p> <p>I2d Extent to which SMEs have been assisted to expand</p>	<p>B2a Limited benefit from high value addition in 2016</p> <p>B2b Partial use of environmentally friendly production techniques in 2016</p> <p>B2c Growth and sales of some subsectors are limited in 2016</p> <p>B2d Growth and sales of some subsectors are limited in 2016</p>	<p>T2a Significant increase in benefit from high value addition in 2022</p> <p>T2b Significant use of environmentally friendly production techniques in 2016</p> <p>T2c Growth and sales of which some subsectors are significantly improved in 2022</p> <p>T2d Growth and sales of which some subsectors are significantly improved in 2022</p>	<p>Consultant's report and businesses' report</p> <p>Consultant's report and businesses' report</p> <p>Tax reports from the Revenue Commission and businesses' report</p> <p>Tax reports from the Revenue Commission and businesses' report</p>	<p>Environmentally friendly techniques of production are compatible to the business activities</p> <p>Availability of funding to source the relevant equipment</p> <p>Ample market and demand for the trading of diversified products</p> <p>No barriers to trade</p> <p>Simplified and expedited Customs Procedures</p>
	SO 3: Improve trade facilitation and trade and investment promotion	<p>I3a Status of cross border trade index in the World Bank Ease of Doing Business Report</p> <p>I3b Level of increase in exports of diversified products</p>	<p>B3a Ranked 84 on cross border trade in 2016</p> <p>B3b Limited diversification of products exported</p>	<p>T3a Increased ranking on cross border trade in 2022</p> <p>T3b Diversified range of products exported by 2022</p>	<p>World Bank Ease of Doing Business Report</p>	

		I3c Extent to which Seychelles has implemented provisions under the WTO Trade Facilitation Agreement	B3c Notification of Category A provisions of the WTO Trade Facilitation Agreement in 2017	T3c To implement specific provisions of the WTO TFA by 2022	Trade statistics provided by the Seychelles National Bureau of Statistics Seychelles' notification to the WTO TF Committee	
	R1.1 Improved capacity and gender awareness to effectively negotiate, implement and ensure conformity with trade agreements and the EPA with the following sub-results:					
	R1.1.1 An EPA/Regional Integration Compliance Monitoring Tool is developed and is operational	I1.1.1 Availability of a fully functional Compliance Monitoring tool and user manual	B1.1.1: no tool or manual available in 2017	T1.1.1: tool and manual operational in 2019	User manual	The EPA Unit is in place and fully operational
	R1.1.2A Blue Economy Roadmap Framework is developed to strengthen blue economy governance for sustainable and resilient development	I1.1.2 Existence of Blue Economy Roadmap Monitoring and Evaluation Framework	B1.1.2 In 2016, M&E framework for the blue economy non-existent	T1.1.2 BE Roadmap M&E framework developed	Consultant's report	Blue Economy Roadmap operationalised
	R1.1.3 The EPA strategy implementation, monitoring and gender-sensitive evaluation system is in place and is operational	I1.1.3 Status of EPA strategy	B1.1.3 EPA Strategy available but not adopted by Cabinet and not operational	T1.1.3.1 The EPA Strategy is adopted in 2017 by Cabinet and operational by 2019	EPA Implementation plan	The EPA Unit is in place and fully operational

	R1.1.4 Current EPA and trade related agreements are integrated and mainstreamed into the policy and legal frameworks	I1.1.4 Number of sectoral policies in which EPA is mainstreamed	B1.1.4 By 2016: EPA mainstreamed into 2 sectoral policy	T1.1.4 By 2022: EPA mainstreamed in at least 5 sectoral policies	Sectoral Policies	Sectoral ministries are sensitised on the need to mainstream EPA within existing or emerging policies
	R1.1.5 Awareness raised on the EPA content, opportunities and obligations via the compilation, analysis and dissemination by the EPA Unit of data and information to relevant stakeholders , as well as dissemination of EPA success stories	I1.1.5.1 Number of workshops for Government officials, with at least 30% female participation I1.1.5.2 Number of training events for businesses, with at least 30% female participation	B1.1.5 2012 – One workshop for Government officials and one training held for business with at least 30% female participation and government officials on iEPA Rules of Origin	T1.1.5 At least six trainings held by 2022	Consultants' report	Business community and public in general use the information acquired through awareness activities to reap the benefits of the agreement
	R1.1.6 Government officials are trained in trade negotiations and in trade policy formulation and analysis	I1.1.7 Number of EPA success stories published including information on opportunities and benefits relating to female entrepreneurs	B1.1.7 By 2016, 0	T1.1.7 By end 2018, 1 and increasing by 1 every year	Mission reports and consultants report	No unforeseen turnover of trained officials
	R1.2 Enhanced capacity for the implementation of effective tax system and fiscal reforms measures that are gender sensitive	I1.2 Extent to which the system has been upgraded to effectively eliminate discrepancies in the implementation of fiscal measures	B1.2 In 2016: Lack of appropriate mechanism in place	T1.2 Developed mechanisms to allow better monitoring and implementation of the fiscal measures	SRC Annual Report	No unforeseen reduction in human resources in SRC No unexpected changes to the policies and measures

	R1.3 Improved capacity to effectively pursue and implement trade reforms (SPS, TBT, Dispute settlement, tariffs, competition, trade defence measures, non tariff measures, rules of origin, investment regime, intellectual property rights etc), while ensuring adequate environmental and gender-sensitive standards and regulations are in place, and frameworks are developed to stimulate manufacturing and MSME.	I1.3.Extent to which the trade reforms and capacity building mechanisms are efficiently implemented and the relevant legislations and infrastructure are put in place	B1.3Lack of appropriate mechanisms in place in 2016: 0	T1.3 Develop Legislations and infrastructure necessary for the implementation of the trade reforms and capacity building	Consultants' report and Training module Enacted laws and legislations Training reports Procurement and Training Report	Political and economic stability Availability of resources to obtain necessary infrastructure for the implementation of the reforms No delay in the processing of the legislative reviews No unforeseen turnover of trained officials
	R2.1Improvement in capacities and systems to enhance processing and post processing of products, waste and by- products, and the development of the value chains, including in the fisheries sector, to significantly increase the value retained in Seychelles from the existing resource base	I2.1.Extent to which domestic producers are able to diversify their products and find alternative uses for waste materials	B2.1 In 2017 Limited facilities in place to conduct post-processing activities	T 2.1 In 2022 Increased production of by-products	Annual reports of relevant Government and private entities	Willingness of national authorities and NGOs to collaborate and share data and resources National planning prioritises private sector development on value chain management in niche sectors
	R2.2 Improvement in capacities to enhance agriculture-based niche processing clusters and commercialization of value-added products in selected commodity chains	I2.2 Status of the operation of the agricultural infrastructure in place to boost the capacity of the sector	B2.2 Limited operationalisation of the current agricultural infrastructure	T2.2 In 2022, the operationalisation of the agricultural infrastructure should be as effective as possible	Procurement and statistical reports	Availability of resource to meet the demand of farmers.

	R2.3 Development of market intelligence on fisheries.	I2.3 Existence of demand for Seychelles brand product through the necessary market intelligence N	B2.3 Limited information on demand in diverse markets for Seychelles brand products in 2016	T2.3 Access to diverse markets for Seychelles brand products	Trade Statistical reports	No barriers to trade No adverse competition from similar products in the new markets identified
	R2.4 Improved and expanded service delivery of training, research and innovation in key selected manufacturing sectors, through transfer of know-how and institutional twinning.	I2.4 Extent to which analysis, capacity building and infrastructural development can be conducted to allow for innovative production in the sector	B2.4. Limited availability of infrastructure and studies conducted in 2016	T2.4 Mechanisms in place to allow for the development of infrastructure and provision analytical data by 2022	Statistical Reports	Availability of resources to conduct studies and acquire relevant infrastructure Private sector buy-in on protocols
	Result 2.5: Increased awareness about the effectiveness of using cleaner energy and production processes and the methods are implemented in the production process	I2.5.1 Extent to which environmental friendly and cleaner energy production processes are used by domestic producers	B2.5 Limited use of environmentally friendly and cleaner energy production processes by domestic producers and Sustainability and low carbon protocols not adopted in 2016	T2.5 Increased use of cleaner technologies and environmental friendly for production and implementation of sustainability and low carbon protocols	Protocol documents	Availability of resources to acquire necessary infrastructure Protocols are compatible with the local production techniques
	R.3.1 Updated systems and capacity building of key institutions to improve customs operations in conformity with the WTO Agreement on Trade Facilitation and facilitate trade under the EPA	I3.1 Extent to which Seychelles has implemented provisions under the WTO Trade Facilitation Agreement and provisions in accordance to the EPA	B3.1.1 Partially compliant to EPA and WTO TFA in 2017.	T3.1 To implement specific provisions of the WTO TFA by 2022 and to be substantially compliant to EPA in 2022	Seychelles' notification to the WTO TF Committee Compliance Monitoring Tool Report / Implementation Plan	Simplified and expedited Customs Procedures No unforeseen reduction in human resources at SRC

						<p>Availability of resources to develop the necessary mechanisms</p> <p>No delay in the processing of the legislative and procedural reviews</p>
	R.3.2 Enhanced market access and trade promotion portfolios of services to MSMEs	I.3.2.1.1 Number of capacity building and promotional programmes benefiting MSMEs	B.3.2.1.1 Limited capacity building and promotional programmes available in 2017	T.3.2.1.1 MSMEs and relevant stakeholders have benefited from capacity building programmes and have participated or organised promotional activities by 2022.	Activity reports, training module and procurement reports	<p>Availability of resources for the development of programmes</p> <p>Commitment of relevant stakeholders</p>



EN

This action is funded by the European Union

ANNEX 3

of the Commission Decision on the Annual Action Programme 2018 – part 1 for Eastern Africa, Southern Africa and the Indian Ocean to be financed from the 11th European Development Fund

Action Document for Support to Peace and Security in the SADC Region

1. Title/basic act/ CRIS number	Support to Peace and Security in the Southern African Development Community (SADC) Region CRIS number: RSO/FED/038-604 Financed under the 11 th European Development Fund (EDF)			
2. Zone benefiting from the action/ location	SADC Region The action shall be carried out at the following location: SADC Region, with its secretariat in Gaborone, Botswana			
3. Programming document	11 th EDF Regional Indicative Programme (RIP) for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) (2014-2020)			
4. Sector of concentration/ thematic area	Peace, Security and Regional Stability	DEV. Aid: YES		
5. Amounts concerned	Total estimated cost: EUR 15 000 000 Total amount of EDF contribution EUR 15 000 000			
6. Aid modality and implementation modalities	Project Modality Indirect management with SADC - Direct management			
7 a) DAC codes	15220 – Civilian peacebuilding, conflict prevention and resolution 15151 – Elections 15150 – Democratic participation and civil society 15170 – Women's equality organisations and institutions			
b) Main Delivery Channel	Southern Africa Development Community – 47000			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including	<input type="checkbox"/>	X	<input type="checkbox"/>

	Women in Development)			
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	N.A.			
10. Sustainable Development Goals (SDGs)	Main SDG: 16, peace, justice and strong institutions Secondary SDG: 5, gender equality			

SUMMARY

Despite its relative stability, the SADC region faces a number of threats with potential impact on its security and stable democratic development. These stem mainly from weak political participation and high levels of inequality and exclusion. Ill-managed electoral processes then tend to increase tensions and become conflict-prone. Also, rising tendencies of transnational organised crime, often linked to natural resource exploitation, risk undermining the relative stability of the region. For addressing these issues, only the development of regional and national capacity for cooperation and joint action will allow effective and sustained mitigation measures to be achievable.

The proposed action therefore aims to support the Southern Africa Development Community (SADC) in implementing its regional Peace and Security programme through strengthening of the infrastructure for peace and enhancement of public security across the SADC region, as essential elements for socio-economic development. Gender is mainstreamed throughout the action and specific activities address issues of participation by women and disadvantaged groups.

The action focuses firstly on strengthened capacity of democratic institutions and increased involvement of civil society to support electoral assistance, election observation, conflict prevention, management and resolution. Secondly, the action aims to strengthen the capacity of SADC member states to uphold and enhance cross-border safety and security, through enhanced police cooperation and coordination on harmonised procedures in the fight against transnational organised crime. In conjunction, the action addresses sexual and gender-based violence within the region.

1 CONTEXT

1.1 Regional context

The Southern African Development Community (SADC) region is often qualified as a region 'largely at peace'. However, despite the absence of large scale violent conflict in the region, conflict potential remains a reality. The region faces a number of threats with potential impact on its security and stable democratic development. These include in particular a spill-over from political crisis, often stemming from weaknesses in political participation as expressed in tensions surrounding electoral processes.

Although the region generally boasts democratic multi-party elections, often declared as free, fair and credible, these same elections may result in (violent) conflict at national level. Political and social inclusivity are crucial elements to safeguard the democratic practices established in the region to date.

The deficient human security in the region is also linked to the rising tendencies of transnational organised crime and, as a case in point, the often neglected issue of gender-based violence. To address these issues, initiatives at and from the regional level have specific added value in that these can trigger changes in behaviour at the national level through the encouraging influence of positive peer pressure. As such, it is important to continue to invest in sustainable and gender equitable, long term regional peace and security infrastructures, resourced by personnel with requisite skills and resources to detect, comprehensively analyse, track and respond to conflict situations in a timely manner.

1.1.1 Public Policy Assessment and EU Policy Framework

The establishment of the SADC Organ on Politics, Defence and Security Co-operation in 1996 and the adoption of the corresponding SADC Protocol on Politics, Defence and Security Co-operation (2001) provides an institutional framework for SADC member states to coordinate policies and activities in the areas of Politics, Defence, and Security. The Protocol is operationalised through the Strategic Indicative Plan for the Organ (SIPO; 2004) and addresses aspects of public and human security, including cross-border safety issues; it is generally based on or aligned to the corresponding UN treaties and conventions.

Overall, SADC has made substantial progress towards the SIPO objectives. Notably, the adoption of the SADC Mutual Defence Pact in 2003 and the integration of the Southern African Regional Police Chiefs Cooperation Organisation (SARPPCO¹) into the Inter-State Defence and Security Committee (ISDSC) in 2006, as well as the launch of the SADC Standby Brigade in August 2008 and the establishment of the Regional Peacekeeping Training Centre (RPTC) are major achievements. Under the revised SIPO II, SADC established the Regional Early Warning Centre (REWC) in 2010 and inaugurated the SADC Electoral Advisory Council (SEAC) in 2011. The Inception Guidelines for Mediation, Conflict Prevention and Preventative Diplomacy were approved by SADC Summit in August 2010, the Mediation Support Unit (MSU) was established in 2014, and the Mediation Reference Group held its constitutive meeting in 2015. Since 2008, a normative framework on gender equality exists in the form of the SADC Protocol on Gender and Development.

In March 2017, the SADC Council reaffirmed that peace and security are a prerequisite for economic integration. Critical issues in the context of the action are (i) conflict prevention and mediation, (ii) electoral processes, (iii) building capacities for national institutions / national infrastructures for peace, including civil society, and (iv) public and human security.

This intervention is fully compliant with the EU policy framework, notably the 2011 EU Development Policy, *Agenda for Change*² and the *New European Consensus on Development*³, which underscore the need to address challenges of poverty eradication, security, fragility and

¹ Member countries of SARPPCO are: Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe

² Increasing the impact of EU Development Policy: an Agenda for Change (COM(2011)637 of 13.10.2011).

³ OJ C 210 of 30.6.2017.

transition, inequality and social injustice. The importance of the EU's work with regional organisations, as foreseen by the ACP-EU Partnership (Cotonou) Agreement, in the peace and security context, is confirmed in the June 2016 Global Strategy for the European Union's Foreign and Security Policy. Similarly, the 2015 European Agenda on Security⁴ and the 2016 Joint Communication to the European Parliament and the Council on *Elements for an EU-wide strategic framework to support security sector reform*⁵ promote the strengthening of (existing) capacities within partner organisations and countries to address development challenges with possible consequences on security. Further, the EU's policy thrust places emphasis on good governance and compliance with human rights, in accordance with international human rights and humanitarian law and commitments to implement a rights-based approach, encompassing all human rights, to EU development cooperation⁶. Finally, the EU Gender Action Plan 2016-2020⁷ is in tune with SADC's commitments on gender equality, prevention and responses to Gender Based Violence (GBV) as well as the importance of women's participation in policy and governance processes at all levels.

1.1.2 Stakeholder analysis

The direct end beneficiaries of this intervention are the SADC member states and indirectly the population of the region who will benefit from stronger peace and security institutions at national and regional level. At national level, member states will benefit from support in legal development as well as capacity building of their law enforcement and criminal justice institutions through targeted actions under each of the proposed key result areas. These actions will be identified on a demand-driven basis, taking into consideration national contexts and diverging development across the region. The institutional development approach adopted does not work directly with end beneficiaries but will contribute to consolidation of SADC's peace, security and stability structures. The main proposed partner institutions for this action are as follows:

- i. The SADC Organ on Politics, Defence and Security Co-operation, and its various institutions and mechanisms established to implement the Peace and Security agenda. The recent restructuring of the Organ has seen the inclusion of currently EU-funded positions for electoral and mediation support in the respective electoral support and mediation support units. Additional programme-based support should however be maintained while functions are being filled so as to ensure continuity of efforts. As such, the programme will recruit temporary staff for the duration of the programme so as to support the statutory Organ staff, accompanied by clear exit strategies⁸. This concerns in particular:
 - SADC Electoral Advisory Council (SEAC), composed of 15 voluntary members with proven technical experience in the area of democracy and governance, nominated by the SADC member states⁹.
 - Mediation, Conflict Prevention and Preventative Diplomacy Structures (i.e the Panel of Elders (PoE)¹⁰, the Mediation Reference Group (MRG)¹¹ and the Mediation Support Unit (MSU)).

⁴ COM(2015) 185 final of 28.4.2015.

⁵ JOIN(2016) 31 final of 5 July 2016: https://ec.europa.eu/europeaid/sites/devco/files/joint-communication-ssr-20160705-p1-854572_en.pdf

⁶ New European Consensus on Development, para. 16.

⁷ Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020 (SWD(2015)182 final of 21.9.2015).

⁸ SADC is progressively taking over the funding of peace and security related positions originally covered by donor funding, in particular the EU funded African Peace and Security Architecture (APSA) Support Programme. Positions related to early warning and liaison officers with the African Union have been incorporated in the SADC budget since 2016. As of 2018, the APSA support programme will only support military positions, while coordination functions of the this programme may be combined with those of the APSA support programme to rationalise administrative costs.

⁹ SEAC's mandate is to advise on and encourage the implementation of the SADC Principles and Guidelines on Democratic Elections as well as international best practices regarding election management.

¹⁰ The Panel of the Elders (PoE) composed of 5 eminent persons with proven experience in peacebuilding and mediation. The PoE is the top structure within the SADC mediation, conflict prevention and preventive diplomacy structures.

¹¹ Immediately under the PoE, the MRG has 9 members (nominated by member states), including 3 from civil society, with the mandate to deepen knowledge and understanding of specific challenges to dialogue and mediation in the region. MRG is an advisory body for political decision-makers on conflict prevention and preventive diplomacy.

- Southern African Regional Police Chiefs Cooperation Organisation (SARPCCO) is mandated to prevent and fight cross-border crime, smuggling and trafficking in human beings and works closely with the International Police Organisation INTERPOL¹².
- ii. SADC National Committees, established by the SADC Treaty as the key bodies to ensure coordination across different stakeholders at national level, will be associated to the programme to strengthen national capacities for conflict prevention and resolution.
- iii. SADC Parliamentary Forum (SADC-PF) was established in 1997 as a regional mechanism for Parliamentarians of SADC member states to debate issues affecting the people and countries in the SADC region. It has now representatives from 13 national parliaments and its outreach to 3 500 parliamentarians in the region is one of its strongest assets.
- iv. Non-State Actors, at regional and national level with a specific mandate in the areas of conflict prevention and/or strengthening democratic governance, will also be associated to the proposed action.

1.1.3 Priority areas for support/problem analysis

An internal SADC review of SIPO (2010) identified certain shortcomings in the implementation of SADC's peace and security agenda: (i) weaknesses in SADC's ability to effectively respond to the evolving socio-political environment; (ii) limited co-ordination for monitoring and evaluation of regional political and security cooperation activities; (iii) limited awareness and access to information on national government services by communities at various levels; (iv) weak community and non-state actor engagement on inclusive peace, security, stability and democracy; as well as (v) uncoordinated policies, strategies and programmes at regional and national levels. These shortcomings were partially addressed by the 10th EDF Regional Political Cooperation (RPC) programme, and preliminary results remain to be consolidated and expanded towards more inclusive approaches at national level.

Recent history has shown that unconstitutional changes of government and **contested electoral processes** are among the main causes of tensions and conflict in the region. Thus, this Action is to provide support for democratisation with emphasis on the upholding of the rule of law, human rights and constitutionalism. SADC will support member states in strengthening democratic and accountable institutions and facilitating cooperation and peaceful settlement of disputes between States. To achieve this, SADC will adopt the following approaches:

- Implement the electoral cycle approach with Long Term Observation as the methodology for assessing electoral processes, strategically linking *election observation with electoral assistance and conflict prevention*. This Action therefore acknowledges the democratisation/conflict prevention nexus and connects strategic interventions of SEAC with those of REWC and MRG at various stages of the electoral cycle, enabling SADC's peace and security architecture to respond promptly.
- Strengthen collaboration between REWC and the mediation structures to enhance SADC's capacity to pre-empt violent conflict and mediate for peaceful dispute settlement. The MSU will develop conflict monitoring tools that support identification of drivers of conflict. Implement the provisions of UNSCR 1325 on Women, Peace and Security, through mainstreaming gender into SADC's peace and security mechanisms and processes in line with the provisions of the recently drafted SADC Regional Strategy on Women, Peace and Security (2018-2022).

Another key challenge for peace, security and regional stability in the SADC region is the question of public and human security. In addition, the lack of coordination of policies, strategies and programmes at regional and national level is hampering a consolidated response combined with lack of community and stakeholder engagement. A specific situation exists furthermore in the SADC

¹² While established in 1996, the secretariat has been supported by Interpol since 2012. The *SARPCCO Agreement in Respect of Cooperation and Mutual Assistance in the Field of Crime Combating* provides for police officers to travel in the region to undertake investigations, and question witnesses. In August 2001, SARPCCO adopted a *Code of Conduct for Police Officials*, as the minimum standards for police forces and services in the region. The Code is characterised by a commitment to maintaining and promoting ethical rights-based and professional policing.

member states of the Indian Ocean, due to their sensitivity as transit countries for criminal activities. Therefore this programme will:

- Strengthen implementation of commitments related to transnational (organised) crime. To address these challenges, SADC adopted a strategic approach to strengthening policing institutions since 2006, through the establishment of the Police Sector in the SADC Secretariat Organ¹³. Since its inception in 1996, SARPCCO has firmly established itself as a benchmark for international police cooperation, as evidenced by the *SARPCCO Multilateral Cooperation Agreement on Combating Crime within the Region*. This intervention will help identify appropriate responses to the most common forms of transnational organised crime in the region, as defined by SARPCCO in its 2016-2017 Strategic Plan, including in particular:
 - Smuggling of illicit drugs, precursor chemicals and fraudulent medicines;
 - Smuggling of small arms and light weapons;
 - Trafficking in wildlife products and natural resources;
 - Smuggling of tobacco products;
 - Smuggling of vehicles;
 - Trafficking in persons and smuggling of migrants.
- Coordinate and consolidate responses to address Sexual and Gender Based Violence (S/GBV) in the region. High prevalence of S/GBV occurrences in the region point to structural issues of social inequality, which can easily translate into societal conflict. In conflict situations in particular, occurrence of S/GBV often sharply increases and it is therefore key to ensure an appropriate policy and legal framework is in place to tackle this critical issue. In 2015, the Ministerial Committee of the Organ (MCO) on Politics, Defence and Security Cooperation already expressed concern over the high prevalence of GBV in the region and directed the Secretariat to undertake a comprehensive GBV analysis. The Ministers responsible for Gender/Women's Affairs, in 2015, also urged member states to develop a comprehensive strategy for addressing GBV. Subsequent to these decisions, the SADC Secretariat is conducting a study on GBV and developing a Regional counter-GBV Strategy.

1.2 Other areas of assessment

N/A.

2 RISKS AND ASSUMPTIONS

Risk	Risk level	Mitigation measures
Limited domestication of regional peace and security policies and strategies by SADC member states and national level stakeholders	H	The programme will consolidate existing regional instruments at national level through focused attention to establishing and strengthening national infrastructures for mediation and conflict prevention. National-level ownership of the programme is sought through regular consultations with SADC national committees and other national-level stakeholders of the programme. Key areas of activity of the programme include national level legal development, as well as capacity enhancement of national law enforcement agencies and media professionals to create demand for domestication. Also EU delegations may encourage domestication in the context of the regular policy dialogue at national level.

¹³ Revised Edition: Strategic Indicative Plan for the Organ on Politics, Defence and Security Cooperation, SADC, 2010.

Weak institutional capacity at the Secretariat and national level to implement the agreed interventions and deliver on the allocated resources	M	There will be targeted capacity needs assessments and delivery of support to address the capacity constraints as well as raise awareness among stakeholders on the need to implement effectively, absorb resources and demonstrate results in a manner that is commensurate with resources and integrating gender dimensions.
Limited ability to formally engage Non State Actors and civil society organisations in the implementation of the programme, due to the sensitive (security) nature of the activities proposed	H	Involvement of NSA will be premised on the commitment taken in the SADC Treaty (art. 23) to <i>"involve fully, the peoples of the region and non-governmental organisations in the process of regional integration"</i> . In line with the principles of subsidiarity adhered to by SADC, the SADC Secretariat (and its member states) will be fully involved in the determination of the best placed implementation stakeholder for individual activities.
Limited regional collaboration of criminal justice practitioners (absence of a regional coordination mechanism for prosecutors/judges) may hamper the impact of interventions to curb TOC and GBV	H	The programme will aim to include criminal justice professionals in capacity enhancement efforts alongside law enforcement (police) officers to maximise impact and common understanding of challenges related to TOC and GBV across the region. Where feasible, the programme may contribute to strengthening regional coordination among criminal justice practitioners.
Assumptions		
The overriding assumption is that member states remain committed to the principle of regional integration as a means of generating economic, equitable growth, poverty reduction, gender equality and peace & security and have the political will to cooperate on sensitive security-related issues.		
A further assumption is that the Secretariat and member states will maintain capacity to manage implementation of projects and programmes and to effectively monitor their performance.		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

SADC aims to build on the achievements and learn from challenges of the 10th EDF Regional Political Cooperation (RPC) programme. The programme design benefitted from the findings of the RPC mid-term evaluation (MTE). While the MTE rated RPC positively for overall relevance and its contribution to maintaining peace and stability in the region, it also identified some institutional challenges, including low absorptive capacities and limited technical capacities within the Organ to deliver on outputs, particularly in the formative stages of the RPC. Following the MTE, RPC managed to improve its absorption capacity through more stringent planning and budgeting as well as closer follow-up by the programme's coordination structures (incl. through results-oriented day-to-day monitoring and evaluation). The present programme will then have a more strict follow-up mechanism from the onset. It is also expected to focus more on the design and establishment of tools for sustainability of SADC's peace and security engagement, such as the sustainable funding mechanism for electoral observation missions, thereby consolidating achievements of the RPC programme and focusing on longer term institutional and technical support-oriented programming.

The present programme will also follow a similar approach as the RPC programme, whereby member states are required to express interest to the SADC Secretariat in order to receive support to strengthen implementation of commitments already taken by those member states. SADC will

provide assistance to legal development and domestication based on such requests, while member states will be invited – through their national focal points – to appoint candidates for capacity building opportunities based on clear selection criteria communicated when soliciting nominations.

For a regional peace and security programme to contribute to the deepening of democratic governance in the region, it must transcend support to process-orientated activities such as election observation and mediation and focus also on sustainable technical interventions such as electoral assistance and the establishment and enhancement of inclusive conflict prevention mechanisms in the region. Similarly, actions to address transnational crime and gender-based violence should be consolidated by strengthening the capacity of police forces to cooperate more effectively while enabling an informed judiciary to tackle the complex issues of such offences.

3.2 Complementarity, synergy and donor coordination

Under the SADC-Germany Agreement on Technical Cooperation (2014) GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) implements a Peace, Security and Good Governance programme, focusing on the strengthening of the SADC Organ on Politics, Defence and Security Cooperation towards the attainment of sustainable peace, security and good governance in the SADC region in accordance with the African Peace and Security Architecture (APSA) and the Africa governance Architecture (AGA). The lessons from that programme will feed into the implementation of the present programme.

Since 2016, the Pretoria-based Institute for Security Studies (ISS) – in coordination with Interpol – implements an EU funded programme enhancing African capacity to respond more effectively to transnational organised crime. This programme focuses on mitigating the impact of transnational organised crime on governance, development, security and the rule of law in Africa through the establishment of 5 regional independent civil society organised crime observatories, to which the present programme's initiatives towards civil society are complementary.

Similar complementarity exists with a project funded by the United Kingdom and implemented by the African Institute for Justice and Reconciliation (IJR) and the SADC Council of Non-Governmental Organisations (SADC-CNGO)¹⁴. The project strengthened policy dialogues around conflict prevention, mediation and reconciliation. The policy dialogue has focused so far on the role civil society could play to strengthen formal mediation structures and identifying possible entry points for joint action.

With regard to GBV, complementarity exists with the EU funded programme "Strengthening the African Human Rights System". This intervention's overall objective is to contribute to ensuring a transparent, democratic and accountable environment in respect of human rights and the rule of law in Africa.

Particular reference should be made to the EU support to the African Peace and Security Architecture (APSA), implemented and coordinated by the African Union Commission¹⁵. In the period 2011-2015, SADC received approximately EUR 4 million under the APSA support programme, involving capacity building for the SADC Standby Force, the Planning Element and the SADC Early Warning System. In 2015, the African heads of state and governments adopted the APSA Roadmap 2016-2020, a strategic document which builds on the achievements and challenges of the implementation of the 2011-2013 roadmap. The outcome of a participatory process involving the African Union Commission and the Regional Economic Communities/Regional Mechanisms, the Roadmap provides a joint understanding of the results to be achieved by the APSA stakeholders and focuses on 5 strategic priorities: (i) Conflict Prevention (including early warning and preventive diplomacy); (ii) crisis/conflict management (including African Standby Force and mediation); (iii) post-conflict reconstruction and peace building; (iv) strategic security issues (such as illegal flows of

¹⁴ The SADC-CNGO is a regional umbrella body of NGOs operating the SADC member states (www.sadc-cngo.org)

¹⁵ As part of the EU APSA support programme (FED/2016/373-074), SADC has to detail which are the other sources of funding for its Peace and Security activities in order to avoid overlaps of activities and/or funding. In particular, the SADC APSA III Support Programme annual work plans will be reviewed alongside actions under other EU funding envelopes.

small arms and light weapons (SALW), improvised explosive devices (IEDs), weapons of mass destruction (WMD) disarmament, counter-terrorism, illicit financial flows as well as transnational organised crime and cyber-crime); and (v) coordination and partnerships. For the period 2016-2018, APSA support to SADC, amounting to EUR 4.5 million, focuses on (i) conflict prevention through continued support to the Early Warning system; (ii) Post-Conflict Reconstruction and Development (PCRD) through support to harmonised implementation of security sector reform (SSR) and disarmament, demobilisation and reintegration (DDR) frameworks; (iii) strategic security issues, which could include support to maritime security, counter-terrorism and transnational organised crime; and (iv) conflict management through continued assistance to the operationalisation of the SADC Standby Force and Planning Element¹⁶.

Furthermore, activities in the field of wildlife protection and fight against poaching will be coordinated with a USAID programme on wildlife protection in Botswana, Namibia, Zambia and Zimbabwe and with the EU funded programme on wildlife conservation in Eastern and Southern Africa and the Indian Ocean, both of which include components for strengthening law enforcement capacities.

With regard to strengthening law enforcement capacities, close coordination will also be developed with the EU funded programmes on maritime security, namely the Regional programme for the Promotion of Maritime Security in the Eastern and Southern Africa and Indian Ocean regions and the Critical Maritime Routes Law Enforcement programme, developing investigative capacities in transnational crime.

Within the context of the formal SADC coordination process with international cooperation partners (the so-called Windhoek Process), the SADC region foresees thematic groups to provide coordination at technical level in specific topics. In principle, these thematic groups are co-chaired by the SADC Secretariat and an elected donor partner. Although a thematic group on peace and security is foreseen, it has so far not met. Informally, the EU, Germany, UNDP and UNODC engage in regular (bilateral) coordination; continuous lobbying by these partners with the SADC Secretariat to convene the Thematic Group on Peace and Security has had no success so far.

3.3 Cross-cutting issues

Rights-based approach and gender equality

SADC has embedded gender equality, child and youth rights in its strategic policy, legal and programme instruments as well as in national constitutions of the member states. The 2008 SADC Protocol on Gender and Development has been revised in 2016 to align it to the SDGs and the AU Agenda 2063. All SADC member states are party to the African Charter on Human and Peoples' Rights¹⁷, as well as the United Nations Convention on the Rights of the Child (CRC) and the Convention on the Elimination of All forms of Discrimination against Women (CEDAW), while 14 countries, with the exception of Botswana, are party to the Convention on the Rights of People with Disabilities.

The limited implementation of existing policy instruments however has been noted and is addressed in this programme by recognising the complex nature of societal inequality, which requires a much more integrated approach. The Action in general aims therefore to ensure that inequality (in particular with relation to gender, children, youth and people living with disability) is addressed strategically across all Key Result Areas through the promotion of a more inclusive and rights-based approach to peace and security responses in the region. This Action specifically addresses the thematic priority on Physical and Psychological Integrity of the EU Gender Action Plan (GAP) II,

¹⁶ Complementarity between this regional programme and the continued support provided by the APSA III programme will be ensured by dovetailing the work plans of the APSA III programme and this programme to ensure there is no overlap among activities; the regional EU Delegation to SADC will verify this absence of overlap between the 2 programmes. Since 2016, SADC is taking over staffing costs related to APSA positions and the coordination of the APSA III programme may be combined with the coordination of this regional programme as of 2018.

¹⁷ The African Charter encompasses civil and political as well as economic, social and cultural rights. The International Covenant on Civil and Political Rights is in force for all SADC members and the International Covenant on Economic, Social and Cultural Rights has been ratified by all but two (Botswana and Mozambique).

especially the objectives with regard to "Girls and women free from all forms of violence against them (VAWG) both in the public and in the private sphere", and with regard to "Protection for all women and men of all ages from sexual and gender based violence in crisis situations".

HIV and AIDS, conflict and the environment

It is critical to observe that since the securitisation of HIV and AIDS by the United Nations Security Council¹⁸, the extent to which HIV and AIDS affect society has been better understood. Studies have shown that post-conflict transitions reshape, and in some cases, exacerbate HIV risks and impacts¹⁹; similarly, research illustrates the impacts of HIV and AIDS on procedural democratic processes, including on institutional capacities and skills necessary to contribute to sustainable economic growth²⁰. The current programme is expected to integrate the findings of this research into its activities as well as contribute to further research around the nexus HIV/conflict. Similarly, the nexus between conflict and the environment, where focus on competition over declining or shared resources generates fresh conflicts and impedes peaceful resolution of prevailing ones, is an area where the programme could address key concerns. In particular, the link between Natural Resource Management (NRM) and conflict²¹, including its gender dimensions and impacts on marginalised groups²², requires additional dedicated research.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

Overall objective: Promotion of peace, security, stability and democracy across the SADC region in line with the SADC Treaty.

Specific objective: to strengthen the SADC peace and security architecture in the areas of conflict prevention and resolution and public and human security, in line with SIPO II objectives.

Expected results:

- R1: Strengthened capacity for electoral assistance in the SADC Secretariat;
- R2: Enhanced capacity in SADC and member states for (gender-sensitive) conflict prevention, management and resolution;
- R3: Strengthened capacity of SADC member states to uphold and enhance cross-border safety and security;
- R4: Strengthened SADC capacity to address the prevalence of sexual and gender-based violence.

This programme is relevant to the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 16 on peace, justice and strong institutions but also promotes progress towards Goal 5 on gender equality. This does not imply a commitment by the countries benefiting from this programme.

4.2 Main activities

The main activities per expected result are:

R1: Strengthened capacity for electoral assistance in the SADC Secretariat:

¹⁸ UNSCR 1308 (2000) on the Responsibility of the Security Council in the Maintenance of International Peace and Security: HIV/AIDS and international peace keeping Operations, notes that HIV and AIDS can have '...a uniquely devastating impact on all sectors and levels of society; that the HIV/AIDS pandemic is also exacerbated by conditions of violence and instability, which increase the risk of exposure to the disease through large movements of people. Widespread uncertainty over conditions, and reduced access to medical care'; the Resolution, significantly, stresses that '...the HIV/AIDS pandemic, if unchecked, may pose a risk to stability and security...'

¹⁹ De Waal et al (eds).2009. HIV/AIDS, Security and Conflict: New Realities, New Responses. New York: ASCI/SSRC: Chirambo, k.2008. The Political Cost of AIDS in Africa. London: African Books Collective; Also, Chirambo, k.& Steyn, J.2009.HIV/AIDS and Local Governance in South Africa. London: African Books Collective; Strand & Chirambo, 2005.The Impact of HIV/AIDS and Democratic Governance in South Africa: Illustrating the Impact on the Electoral Processes. Pretoria: Idasa.

²⁰ ibid

²¹ EU-UN Partnership: Toolkit and Guidance for Preventing and Managing Land and Natural Resources Conflicts.

²² For instance those who identify as indigenous peoples, cf. SWD 340/2016 "Implementing EU external policy on Indigenous Peoples".

- Provision of training of trainers on election observation, specialised training for Long-Term Observers (LTO) and (refresher) training of Short-Term Observers (STO).
- Consolidation and roll-out of the SADC electoral observation roster for strategic deployment of expert teams of LTOs and STOs.
- Peer exchange and (technical) dialogue among partners and stakeholders (SADC Electoral Commissions Forum, SADC Parliamentary Forum, SADC Electoral Advisory Council etc.) on management of electoral processes.
- Domestication of the SADC Model Law on elections.
- Technical support to member states to improve national-level constitutional, legal and electoral frameworks, based on findings of SEAC electoral missions (with focus on the integration of civil, political, socio-economic and cultural rights).
- Awareness-raising on and update of the revised SADC Principles and Guidelines Governing Democratic Elections, with involvement of all relevant stakeholders.
- Design of a sustainable funding mechanism to implement election observation missions.

R2: Enhanced capacity in SADC and member states for (gender-sensitive) conflict prevention, management and resolution

- Mapping of national and regional conflict prevention/mediation capacities.
- Development of expert capacities of mediation practitioners to strengthen SADC's deployment capability.
- Design of a methodology and practice for the use of the roster of mediation experts (developed under RPC), to support strategic deployment (incl. roll out of the roster to member states level).
- Development of national mediation expertise and design of a mechanism for its inclusion in SADC mediation efforts.
- Technical support for the implementation at regional and national levels of the SADC Regional Strategy on Women, Peace and Security (2018-2022).
- Design of a conflict tracking tool and specific complementary interventions aimed at identifying and addressing structural and cultural drivers of social conflict at the national and regional levels.
- Implementation of the SEAC Strategy for the Prevention of Election-related Conflict.

R3: Strengthened capacity of SADC member states to uphold and enhance cross-border safety and security

3.1 Domestication and implementation of international and regional legislative frameworks on transnational organised crime (TOC).

- Comprehensive review (and where required strengthening in line with international and regional human rights obligations) of existing SADC protocols, strategies, policies and declarations on TOC.
- Technical support for domestication of international and regional protocols and strategies through development of legislation and/or dedicated action plans at national level.
- Capacity building for law enforcement and criminal justice practitioners to address and reduce incidence of TOC in the SADC region, with specific attention to improve capacities for detection, investigation and prosecution of TOC, in particular focusing on counter-narcotics, arms trafficking and wildlife related crimes.

3.2 Strengthening of SARPCCO capacity as regional law enforcement network in combating TOC.

- Support to the implementation of the SARPCCO Strategic Plan (2016-2020) promoting close cooperation amongst police, state security, other law enforcement and criminal justice agencies and other relevant stakeholders in addressing transnational crime.
- Training of member states' personnel in using the Interpol I-24/7 system (in particular at ports of entry) and information exchange across countries.

- Development of joint standard operating procedures for detection, investigation and prosecution of transnational organised crime between member states.

R4: Strengthened SADC and member state capacity to address the prevalence of sexual and gender-based violence within the region.

4.1 Promote domestication and implementation of the SADC Protocol on Gender and Development, with specific focus on GBV provisions, as well as the SADC regional strategy on combating Gender-Based Violence.

- Technical support for the domestication of the SADC Protocol on Gender and Development (as amended in 2016) and the SADC Regional Strategy on GBV (adoption in 2017) through development of national-level legislation and/or dedicated victim-centred action plans.
- Training of law enforcement and criminal justice practitioners and social workers to detect, investigate and prosecute S/GBV cases and provide appropriate responses/services to victims/survivors.
- Design of standard operating procedures and referral mechanisms for regional law enforcement and criminal justice practitioners on S/GBV across the region.

4.2 Strengthen awareness on S/GBV across the region

- Research and information sharing through existing mechanisms, such as the SADC Gender and Development Monitor, regular meetings of Ministers of Gender/Women's Affairs, Ministerial Committee of the Organ, SADC Summit; and other initiatives by non-state actors.
- Evidence-based, innovative context-sensitive regional and/or national awareness campaigns, with involvement of regional and national gender machineries and other relevant actors.
- Sensitisation of media, law enforcement and criminal justice practitioners, educators and other relevant stakeholders to respond to S/GBV appropriately.

4.3 Intervention logic

The programme will make available different tools that should allow for improved political participation across the region and thus contribute to a reduction of conflict potential. These tools include better conflict prevention and mediation capacities as well as strengthened capacities for electoral assistance. Achieving the availability of these tools will be realised through providing training of relevant staff and stakeholders at regional and national levels, peer exchange and dialogue opportunities, sensitisation on existing legal and strategic frameworks as well as technical support to roll out expert rosters and develop a conflict tracking tool.

The programme will also make available the tools necessary for investigating and prosecuting GBV cases and for providing the appropriate assistance to victims. This involves increasing the awareness and sensitivity to the issue at multiple levels and getting the required legislation and action plans prepared and relevant staff trained. Thus the prevalence of GBV in the SADC region can be appropriately addressed. In the same logic, the tools to combat transnational organised crime will be generated or strengthened by the programme, involving getting the required legislation in place and training of the relevant actors and, in particular, upgrading the mechanisms for police cooperation across borders.

These actions, to the extent that they will allow dealing with important deficiencies in political participation and in the states' capacity to safeguard human security, will in the medium term help reducing the threats to the region's stability.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the SADC Secretariat as Regional Authorising Officer, as per Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.14.2 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

5.3 Implementation of the budget support component

N.A.

5.4 Implementation modalities

Both in indirect and direct management, the Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation.

5.4.1 Indirect management with an international organisation

This Action may be implemented in indirect management with the Secretariat of the Southern African Development Community (SADC) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323.

This implementation entails the totality of the action, as described in section 4.2 of this document, with the exception of evaluation and audit contracts, which will be awarded in direct management by the Commission.

This implementation is justified given SADC Secretariat's mandate to support implementation of the regional peace and security agenda. As the Secretariat has the role to coordinate regional programmes, it can strengthen a harmonised regional approach in the key areas of conflict prevention and combating transnational organised crime and gender-based violence.

The entrusted entity would carry out the following budget-implementation tasks: conducting procurement and grant award procedures and managing the resulting contracts as well as carrying out payments.

Considering the incomplete assessment of the grant pillar (which only covered the design of the grant procedures but not the operational effectiveness of the systems), additional safeguarding measures will be adopted by the Commission for all indirect management operations with SADC that include the award of grants. Such additional measures will be required to be implemented until the grant pillar has been positively assessed in its whole.

5.5 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, subject to the following provisions.

In accordance with Article 20(6) of Annex IV to the ACP-EU Partnership Agreement and with regard to the regional and cross-border nature of this action, the Commission decides that natural and legal persons from the following countries, territories or regions shall be eligible for

participating in procurement and grant award procedures: Republic of South Africa. The supplies originating there shall also be eligible.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

	EU contribution (in EUR) ²³
5.4.1 Indirect management with SADC Secretariat	14 760 000
<i>Key Result Area (KRA) 1: Strengthened capacity of democratic institutions to foster sustainable peace, security and stability (indicative amounts)</i>	3 740 000
<i>Key Result Area (KRA) 2: Enhanced capacity in SADC and member states for conflict prevention, management and resolution (indicative amounts)</i>	3 740 000
<i>Key Result Area (KRA) 3: Strengthened capacity of SADC member states to uphold and enhance cross-border safety and security (indicative amounts)</i>	3 840 000
<i>Key Result Area (KRA) 4: Strengthened SADC capacity to address the prevalence of sexual and gender-based violence (indicative amounts)</i>	3 440 000
5.9 Evaluation, 5.10 Audit	240 000
5.11 Communication & visibility	included in the indirect management component (5.4.1)
Total	15 000 000

5.7 Organisational set-up and responsibilities

The overall management, coordination and monitoring of the Action will be the responsibility of the SADC Secretariat, who will have full ownership of the programme. The programme will be implemented under the direct supervision of the Director for the Organ on Politics, Security and Defence Cooperation (OPSDC).

In recognition of the SADC principle of subsidiarity and the agreement reached between the EU and SADC to identify the best possible implementation partner for the 11th EDF programmes, other partners may be associated to the implementation of the action. SADC will define these partners before the start of the implementation period of the action.

To guarantee ownership and adequate coordination and management of the programme's activities by the key stakeholders, a robust governance structure is proposed that comprises a **Programme Steering Committee** (PSC) with the mandate to provide oversight, monitoring of implementation, development of synergies and complementarities with other actions and guidance to ensure attainment of the objectives formulated in the logical framework, and the relevant Monitoring and Evaluation frameworks. The PSC shall be made up of representatives of the SADC Secretariat, the SADC member states, the EU Delegation and key partners in the implementation of SADC's peace and security agenda. The Steering Committee should ideally meet on a quarterly basis to ensure that

²³ Amounts for each key result area include an equal provision for coordination of the overall programme as well as communication and visibility; these funds will be broken down at contracting stage under each key result area for activities. Budget breakdown is based on current assessment of needs and costs of proposed activities, as well as absorption capacity of the respective units responsible for implementation.

the members of the Committee have a thorough appreciation of the level of implementation of the programme and can provide adequate and timely guidance and correction where required; in addition to implementation dialogue, the Steering Committee is expected to contribute to continued and intensified policy dialogue in the thematic area of peace and security.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than twice a year²⁴) 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 (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and relevant Monitoring and Evaluation frameworks established under the programme. 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.

In order to facilitate adequate and continuous monitoring, the implementing partner will establish a specific (gender-sensitive) Monitoring and Evaluation Framework at the start of the action, which will include baselines as well as final targets to be reached by the programme for each of the key result areas. Where baseline data are not available, the implementing partner will undertake baseline studies and assessments at the start of the action to populate the M&E framework and to come to realistic targets. These baseline assessments are part of the activities to be developed and will be financed through the budgets foreseen for each of the key result areas.

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).

Regular reporting is foreseen for the action and specific details will be outlined in the respective implementation contracts.

5.9 Evaluation

Having regard to the importance of the action, a mid-term and final (as well as possibly ex-post) evaluation will be carried out for this action or its components via independent consultants, contracted directly by the Commission.

The Mid-Term Evaluation will be carried out for problem solving and learning purposes, in particular with respect to the programme design and scope of interventions. The Mid Term Evaluation will assess progress made towards the consolidation of the SADC peace and security architecture, reduced incidence of transnational organised crime and gender-based violence and measure the contribution of the programme towards a sustainable approach to peace and security, with particular focus on the sustainability and/or exit strategy for this specific programme and activities.

The Final Evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the current proposed programme is to consolidate achievements of the 10th EDF peace and security programme and should thus focus first and foremost on a sustainable approach to the establishment of SADC's peace and security architecture. In addition, the final evaluation is to assess the impact of the programme and its related activities at the level of the SADC member states in establishing adequate response

²⁴ Substantive narrative and financial implementation reports are expected to be prepared prior to each Programme Steering Committee meeting (see paragraph 5.7 on organisational set-up)

and preventive capacity for conflict management as well as strengthened law enforcement responses to security threats.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the implementing partner and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. The financing of the evaluation shall be covered by the budget indicated in section 5.6 above.

5.10 Audit

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 for one or several contracts or agreements. The financing of the audit shall be covered by the budget indicated in section 5.6 above.

5.11 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 and supported with the budget indicated in section 5.6 above. A dedicated budget line for communication and visibility will be introduced into the implementation contracts to be negotiated for each component and shall include adequate budgetary provisions to ensure visibility and communication of the relevant component across the sub-region.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the implementing partner, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, 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. The communication and visibility measures will be part of the responsibilities of the implementing partner.

6 PRE-CONDITIONS

N/A.

APPENDIX 1 - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	Promotion of peace, security, stability and democracy across the SADC region	1. Number of incidents of (violent) conflicts (national and/or regional) in the SADC countries (**) EU RF L1 #7 2. Number of cases of transnational organised crime in the SADC region (**) EU RF L1 #4 3. Ratio of adjudications to prosecutions related to Sexual and Gender-Based Violence in the SADC region (**) EU RF L1 #4	To be determined during inception of the action	To be determined during inception of the action	1. SEOM/SEAC reports 2. SADC Summit reports and Organ reports 3. Review reports of SADC SIPO 4. Review reports on SADC Protocol on Gender and Development	member states remain committed to the principle of regional integration as a means of generating economic growth, poverty reduction and peace & security
Specific objective(s): Outcome(s)	To strengthen the SADC peace and security architecture in the areas of conflict prevention and resolution and public and human security, in line with the SIPO II objectives	1.1. Number of member states implementing the SADC Principles and Guidelines Governing Democratic Elections; (**) EU RF L2 #2 1.2. Average rate of participation of the population, disaggregated by age, sex, disability and ethnic origin, in electoral and/or conflict resolution/mediation processes in the region (measured by process) 1.3. Guidelines/principles on mediation/conflict prevention adopted at regional level 1.4. Number of national conflict management structures mapped and capacitated (**) 1.2.-1.4.) EU RF L2 #5 1.5. Percentage of crimes (disaggregated by types of crime, age and sex of person reporting) reported to the police, where cases are initiated 1.6. Establishment of regional police information	To be determined during inception of the action	To be determined during inception of the action	1.1. Organ and SEAC reports 1.2. Organ, SEAC and MRG reports 1.3. Organ and MRG reports 1.4. Organ and MRG reports 1.5. Organ and SARPCCO reports; SIPO review reports 1.6. Organ and SARPCCO reports 1.7. SADC Gender and Development Monitor 1.8. Organ and SARPCCO reports 1.9. Organ and SARPCCO reports	SADC Secretariat and member states maintain capacity to manage implementation of projects and programmes to effectively monitor performance

		<p>system</p> <p>1.7. Number of GBV cases reported at police stations across the region</p> <p>1.8. Number of convictions on TOC, resulting from cross-border operations</p> <p>1.9. Number of regional coordination meetings on transnational organised crime (**) 1.5. – 1.9. EU RF L2 #3 for Justice, Law enforcement officials and (**) EU RF L2 #4</p>				
Results: Outputs	O1.1. Strengthened capacity for electoral assistance in the SADC secretariat	<p>1.1.1. Number of SEAC and SEOM recommendations accepted and implemented by SADC member states</p> <p>1.1.2. Number of trained people on the observers roster (disaggregated by sex and age)</p> <p>1.1.3 Percentage of observers involved in SADC missions drawn from the observers roster (disaggregated by sex, age and nationality)</p> <p>1.1.3. Number of CSOs involved in joint missions of SEAC</p> <p>1.1.4. Number of policy dialogue events involving civil society and other groups on democratisation, elections, peace and human/women's rights</p> <p>1.1.5. Percentage of women, youth and persons with disabilities (disaggregated by sex and age) participating in national elections</p> <p>1.1.6. Number of member states domesticating the SADC Model Law on elections</p> <p>1.1.7. Number of member states assisted by SEAC in electoral reform processes</p> <p>1.1.8. Number of Long Term Observers and Short Term Observers trained (disaggregated by age and sex)</p> <p>1.1.9. Number of Peer exchange forums convened by SEAC</p>	To be determined during inception of the action	To be determined during inception of the action	<p>1.1.1. SEAC/SEOM reports</p> <p>1.1.2. SEOM reports; database reports</p> <p>1.1.3. SEAC reports; member state messages and plans</p> <p>1.1.4. SEAC reports; civil society reports</p> <p>1.1.5. SEAC reports; civil society reports</p> <p>1.1.6. SEOM reports; reports of national electoral management bodies</p> <p>1.1.7. SEAC reports; MS messages and plans</p> <p>1.1.8. SEAC reports</p> <p>1.1.9. SEAC/SEOM reports; testing results</p> <p>1.1.10. SEAC reports</p>	<ul style="list-style-type: none"> • Sustained support to the application of the revised SADC Principles and Guidelines Governing Democratic Elections • Adherence by member states to the observers roster • Preparedness to include more women, youth and civil society organisations in the democratisation activities

	O1.2. Enhanced capacity in SADC and member states for gender-sensitive conflict prevention, management and resolution	<p>1.2.1. Percentage of SADC mediators drawn from mediators roster (disaggregated by sex, nationality and age)</p> <p>1.2.2. Number of member states with conflict prevention policies developed</p> <p>1.2.3. Number of (draft) national action plans/policies to implement the UNSC resolutions on women, peace and security and the SADC Women, Peace and Security Strategy</p> <p>1.2.4. Number of joint interventions by SEAC and MRG</p> <p>1.2.5. Number and percentage of women mediators and negotiators involved in SADC-driven peace negotiations</p>	To be determined during inception of the action	To be determined during inception of the action	<p>1.2.1. Election observer roster reports</p> <p>1.2.2. MRG reports</p> <p>1.2.3. draft national action plans, UN reports; national reports to the UN system</p> <p>1.2.4. SEAC and MRG reports</p> <p>1.2.5. MRG reports</p>	<ul style="list-style-type: none"> • Adherence by MS to the mediators roster • Prepared-ness to include more women, youth and civil society organisations in conflict prevention and resolution • Local active Working Groups, CSOs and other fora for discussion of the legal framework and action plans
	O1.3. Strengthened capacity of SADC Member States to uphold and enhance cross-border safety and security	<p>1.3.1. Number of regional protocols and/or declarations on transnational organised crime developed and/or revised</p> <p>1.3.2. Number of national legislation and/or national action plans on transnational organised crime developed</p> <p>1.3.3 Joint standard operating procedures for detection, investigation and prosecution of TOC developed and adopted</p> <p>1.3.4. Number of bilateral or multilateral cooperation agreements between Member States and strategic partners established on transnational organised crime</p> <p>1.3.5. Number of police institutions/stations, including at ports of entry connected to and using the I-24/7 system during investigation operations</p> <p>1.3.6. Number of TOC cases prosecuted across the region</p> <p>1.3.7. Number of law enforcement and criminal justice practitioners (disaggregated by sex, nationality and age) trained.</p>	To be determined during inception of the action	To be determined during inception of the action	<p>1.3.1. SADC reports; country reports on TOC; country reports to UN system</p> <p>1.3.2. Country reports to SADC; country reports to UN system</p> <p>1.3.3. SARPCCO reports</p> <p>1.3.4. SARPCCO reports; SADC reports</p> <p>1.3.5. Interpol reports</p> <p>1.3.6. SARPCCO reports; court records</p> <p>1.3.7. SARPCCO reports; training reports</p>	Provision of adequate political support by Member States to combat transnational organized crime

	<p>O1.4. Strengthened SADC capacity to address the prevalence of sexual and gender-based violence</p>	<p>1.4.1. Number of country-specific legislation and/or victim-centred action plans on gender based violence (GBV) and violence against women (VAW) developed and/or strengthened</p> <p>1.4.2. Number of media, law enforcement and criminal justice practitioners and social workers trained to respond appropriately to GBV/VAW (disaggregated by sex, nationality and age)</p> <p>1.4.3. Number of standard operating procedures and referral mechanisms on GBV/VAW developed and/or strengthened at national level, with close collaboration between police structures and criminal justice practitioners</p> <p>1.4.4. Multi-layered regional GBV Communication Strategy and Visibility Plan developed to strengthen awareness on GBV/VAW across the region.</p> <p>1.4.5. Number of regional and/or national research studies on GBV conducted</p> <p>1.4.6. Number of regional and/or national awareness campaigns on GBV conducted, with involvement of regional and national gender machineries.</p>	<p>To be determined during inception of the action</p>	<p>To be determined during inception of the action</p>	<p>1.4.1. Country reports to SADC; national legislation published in official journals</p> <p>1.4.2. Programme (training) reports; SARCCO reports</p> <p>1.4.3. Standard Operating Procedures manuals; SARPCCO reports</p> <p>1.4.4. Communication plan; SADC Gender Unit reports</p> <p>1.4.5. Research reports; SADC gender unit reports</p> <p>1.4.6. Awareness materials; SADC gender unit reports</p>	<ul style="list-style-type: none"> • Provision of adequate political support to combat GBV at national and regional levels • Political support to promote compliance with regional frameworks on GBV
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