

Development cooperation with South Africa

2003/0245(COD) - 21/10/2003 - Legislative proposal

PURPOSE : to amend Regulation 1726/2000/EC on development cooperation with South Africa, and to submit a mid-term review. **PROPOSED ACT** : Regulation of the European Parliament and of the Council. **CONTENT** : Regulation 1726/2000/EC requests the Commission to submit a mid-term review by 31 October 2003 and an overall evaluation of the programme prior to the expiry of this Regulation. The Commission is submitting the mid-term review along with this proposal. The review contains a summary assessment of the programme for cooperation with South Africa. The review recommends changes to be made to Regulation 1726/2000/EC. An overview of the proposed amendments is as follows: - Regulation 1726/2000/EC has a validity of seven years. It requires triennial programmes to be carried out. In order for these programmes to be synchronized with the duration of the Regulation, the wording of the relevant article needs to be adjusted to allow four-year Indicative Programmes. - Annex X of the Trade Development and Cooperation Agreement with South Africa deals with support to South African wine and spirits sector. The EC must provide assistance of EUR 15 million for the restructuring of the South African wine and spirits sector and for the marketing and distribution of South African wines and spirits. The Wine and Spirits Agreements have been signed on 28 January 2002. It is therefore necessary to include an additional amount of EUR 15 million for the restructuring of the Wines and Spirits sector in the reference amount of EUR 885.5 million. The aims of Regulation 1726/2000/EC suggest that South Africa be the sole beneficiary of the EPRD. The focal areas include support for regional cooperation and integration, suggesting that EPRD monies be spent also at a regional or continental level. The Regulation is silent on what balance must be found between EPRD and EDF contributions for financing such programmes. It does not say if this equilibrium must be achieved at project/programme level, in each budget year or at MIP/RIP levels. More explicit provisions on EPRD funding need to be included in Article 4. South Africa has an outstanding public expenditure framework and sound public finance management. This makes the country an excellent partner for sector-wide programmes and for funding through direct budget support. Regulation 1726/2000 provides for this possibility, but the wording is ambiguous and could be interpreted as excluding untargeted budget support. It seems advisable to lift the ambiguity. The Regulation needs to be brought in line with the new Financial Regulation of the Commission and its implementing provisions, particularly concerning the use of a single currency, the types of support, the role of intermediary institutions and applicable procedures. Furthermore, reference needs to be made to Protocol 3 to the Cotonou Agreement defining South Africa's qualified states under this Agreement. Article 8 of the Regulation refers to a "Geographically competent committee" but fails to establish it. Legally speaking the Committee does not exist. In practice the EDF Committee has been acting as the "South Africa Committee", albeit with a different weighing of Member States' votes. The Committee should be established and the Commission must consult it for figures over EUR 8 million. **FINANCIAL IMPLICATIONS**: - Budget line : 21 03 17 (old B7-3200). - Commitment for 2004 is EUR 15 million.