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►B REGULATION (EC) No 1726/2000 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 29 June 2000

on development cooperation with South Africa

(OJ L 198, 4.8.2000, p. 1)

Amended by:

		Official Journal		
		No	page	date
►M1	Regulation (EC) No 1934/2004 of the European Parliament and of the Council of 27 October 2004	L 338	1	13.11.2004
►M2	Regulation (EC) No 2110/2005 of the European Parliament and of the Council of 14 December 2005	L 344	1	27.12.2005

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REGULATION (EC) No 1726/2000 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 29 June 2000

on development cooperation with South Africa

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 179 thereof,

Having regard to the proposal from the Commission [1],

Acting in accordance with the procedure laid down in Article 251 of the Treaty [2],

Whereas:

(1) Since the elections of April 1994 and the establishment of a democratic government, the Community has turned towards a strategy of support for the policies and reforms undertaken by the South African authorities.

(2) The Council adopted Regulation (EC) No 2259/96 of 22 November 1996 on development cooperation with South Africa [3]; that Regulation expired on 31 December 1999.

(3) The Agreement on trade, development and cooperation between the European Community and the Republic of South Africa stipulates in Chapter VII thereof that financial assistance in the form of grants is to be covered by a special financial facility established under the Community budget, that the Community declares its willingness to maintain its financial cooperation with South Africa at a substantial level, and that it will take the necessary decisions in this respect on the basis of a proposal by the Commission.

(4) The abovementioned Agreement contains in Chapter V thereof provisions on aims, priorities, methods and implementation of development cooperation with South Africa.

(5) In the light of the implementation of Council Regulation (EC) No 2259/96 and of Special Report No 7/98 of the Court of Auditors in respect of the European Community development aid programme regarding South Africa (1986 to 1996), development cooperation with South Africa should be continued subject to adaptations, in particular as regards simplification of procedures, greater focus on sectoral priorities and decentralised decision-making.

(6) Assistance provided under this Regulation should be implemented in coherence with actions of other donors, including multilateral institutions.

(7) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission [4].

(8) This Regulation lays down, for the entire duration of the programme, a financial framework constituting the principal point of reference, within the meaning of point 33 of the Interinstitutional Agreement between the European Parliament, the

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(1) OJ C 21E, 25.1.2000, p. 1.

(2) Opinion of the European Parliament of 5 May 1999 (OJ C 279, 1.10.1999, p. 192), Council Common Position of 28 February 2000 (OJ C 128, 8.5.2000, p. 51) and Decision of the European Parliament of 16 May 2000 (not yet published in the Official Journal). Decision of the Council of 13 June 2000.

(3) OJ L 306, 28.11.1996, p. 5.

(4) OJ L 184, 17.7.1999, p. 23.

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Council and the Commission of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure [1], for the budgetary authority during the annual budgetary procedure.

(9) Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests [2] establishes a common legal framework in all fields related to the Communities' own resources and expenditure.

(10) Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities [3] applies to all areas of the Communities' activity without prejudice to the provisions of the Community rules specific to the different policy areas,

HAVE ADOPTED THIS REGULATION:

Article 1

Aims

The Community shall implement financial and technical cooperation with South Africa to support the policies and reforms carried out by the South African authorities in a context of policy dialogue and partnership.

The aim of the Community cooperation programme, entitled the 'European Programme for Reconstruction and Development in South Africa' (EPRD), shall be to contribute to South Africa's harmonious and sustainable economic and social development, through programmes and measures designed to reduce poverty and encourage economic growth which benefits the poor, and to its continued integration into the world economy, and to consolidate the foundations laid for a democratic society and a State governed by the rule of law in which human rights and fundamental freedoms are fully respected.

This will be achieved through support for international targets and policies for sustainable development based on UN conventions and resolutions, thereby contributing to the target of reducing by at least one half the proportion of people living in extreme poverty by 2015.

Article 2

Areas of cooperation

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1. Programmes shall focus on the fight against poverty, take into account the needs of the previously disadvantaged communities, integrate the environmental dimension of development and mainstream gender equality, in particular strengthening women's participation at all levels of policy, programming and implementation. In all these programmes special attention shall be paid to the strengthening of institutional capacities.

2. Development cooperation to be carried out pursuant to this Regulation shall focus mainly on the areas of cooperation referred to in Article 8 of Protocol 3 on South Africa to the Cotonou Agreement and in particular on:

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(a) support for policies, instruments and programmes aiming at the continued integration of the South African economy into the world economy and trade, for employment creation, development of the private sector, regional cooperation and integration. In this latter context, special attention will be given to providing support for the

[1] OJ C 172, 18.6.1999, p. 1.
[2] OJ L 312, 23.12.1995, p. 1.
[3] OJ L 292, 15.11.1996, p. 2.

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adjustment efforts occasioned in the region by the establishment of the free-trade area under the Trade, Development and Cooperation Agreement, especially in the Southern African Customs Union. Promotion of mutual general interest cooperation between the European Union and South African businesses may also be considered;

(b) improvement of living conditions and delivery of basic social services;

(c) support to democratisation, the protection of human rights, sound public management, the strengthening of local governments and the involvement of civil society in the development process.

3. Dialogue and partnership between public authorities and non-governmental development partners and actors will be promoted.

Article 3

Eligibility of cooperation partners

Cooperation partners eligible for financial assistance under this Regulation shall be national, provincial and local authorities and public bodies, non-governmental organisations and community-based organisations, regional and international organisations, institutions and public or private operators. Any other body may be eligible if so designated by both parties.

Article 4

Means, expenses, information on the programme and coordination

1. The means that may be deployed under the cooperation operations referred to in Article 2 shall include in particular studies, technical assistance, training or other services, supplies and works, and also evaluation and monitoring audits and missions.

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2. Community financing may cover:

(a) government budget expenditure to support reforms and policy implementation in the priority sectors identified through a policy dialogue, using the most appropriate instruments including budgetary support and other specific forms of budgetary aid;

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(b) investment and equipment;

(c) in duly justified cases, and in particular where a programme is implemented by a non-government partner, taking into account the fact that the programme has to aim as much as possible at long term sustainability, recurrent expenditure (including administrative, maintenance and operating costs).

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Part of the financing may be channelled towards targeted final beneficiaries (e.g. emerging entrepreneurs) in the form of risk capital or other forms of financial participation. The European Investment Bank may be associated with the management of these funds, as appropriate. The resources made available under this Regulation shall not be used in a manner that will permit unfair competition.

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3. A financial contribution from the partners referred to in Article 3 shall in principle be required for each cooperation operation. That contribution will be requested in accordance with the possibilities of the partners concerned and depending on the nature of each operation. It shall be sought in particular in cases where a project is designed as a start-up for an open-ended activity, in order to ensure the sustainability of such projects after Community funding has ceased. It may be in kind. In specific cases where the partner is either a non-governmental organisation or a community-based organisation, the contribution may not be required.

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4. The Commission may take any appropriate step to ensure that the Community character of aid provided under this Regulation is made known.

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4a. Financing of individual projects and programmes for regional cooperation and integration shall be provided from the EPRD and/or from regional funds under the European Development Fund (EDF).

The Commission shall strive to ensure balanced funding from both sources at the level of the Multiannual Indicative Programme, by committing to regional cooperation and integration an indicative percentage of the EPRD similar to the share of EDF funds dedicated to regional cooperation and integration in the Financial Protocol to the Cotonou Agreement.

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5. Opportunities may be sought for potential co-financing and parallel financing with other donors, particularly the Member States.

6. In order to achieve the objectives of coherence and complementarity referred to in the Treaty and with the aim of guaranteeing optimal effectiveness of the aid, the Commission shall take all necessary coordination measures, notably:

(a) the establishment of a system for the systematic exchange of information on actions financed or planned to be financed by the Community, the Member States and the EIB;

(b) on-the-spot coordination of these actions by means of regular meetings and exchange of information between the representatives of the Commission and the Member States in the beneficiary country.

7. The Commission, in liaison with the Member States, will seek to take any steps necessary to ensure adequate coordination with other donors concerned and to encourage an increasingly active role of the beneficiary country in the aid coordination process.

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Article 6

Programming

1. Multiannual indicative programming shall be carried out in the context of close contacts with the South African Government and taking account of the results of the coordination referred to in Article 4 (6) and (7). The indicative programming process will fully respect the principle of recipient-led programming.

2. In order to prepare for each programming exercise, in the context of increased coordination with the Member States, including on the spot, the Commission shall draw up a country strategy paper in dialogue with the South African Government. This country strategy paper shall take into account the results of the most recent overall evaluation of operations financed pursuant to Regulation (EC) No 2259/96 and in accordance with this Regulation and of other regular evaluations of operations. It will be linked to a problem-oriented analysis, and integrate cross-cutting issues such as poverty reduction, gender equality, environment and sustainability. A draft of the Multiannual Indicative Programme will be annexed to the country strategy paper. A limited number of sectors of cooperation based on the areas identified in Article 2 shall be selected. For these sectors, modalities and accompanying measures shall be set out. As far as possible, performance indicators shall be developed in order to facilitate the implementation of the objectives and its evaluation of impact. The country strategy paper and the draft Multiannual Indicative Programme shall be examined by the geographically determined committee competent for development as referred to in Article 8(1), hereafter referred to as 'the Committee'. The Committee shall give its opinion in accordance with the procedure referred to in Article 8(2).

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3. The Multiannual Indicative Programme shall be negotiated and signed by the Commission and the South African Government. The final result of the negotiations shall be sent to the Committee for information. If requested by one or more Committee members, this document will be discussed by the Committee.

4. The Committee shall once a year review the functioning, results and continued relevance of the country strategy paper and the Multiannual Indicative Programme. If evaluations or other relevant developments so indicate, the Committee may invite the Commission to negotiate with the South African Government amendments to the Multiannual Indicative Programme.

5. The Committee shall once a year, on the basis of a presentation by the Commission, discuss the general guidelines for the operations to be carried out in the year ahead.

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Article 7

Procedures

1. The Commission shall be responsible for appraising, taking decisions on and managing operations conducted under this Regulation, in accordance with the budgetary and other procedures in force, notably those laid down in the Financial Regulation applicable to the general budget of the European Union.

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3. In order to ensure transparency and achievement of the objectives referred to in Article 4(6), the Commission shall forward project information sheets to the Member States and their local representatives for all projects as soon as the decision to appraise them has been taken. The Commission shall subsequently update the project information sheets and forward them to the Member States.

4. All financing agreements or contracts concluded under this Regulation shall provide for on-the-spot checks by the Commission and the Court of Auditors in accordance with the usual arrangements established by the Commission pursuant to the rules in force, in particular those laid down in the Financial Regulations applicable to the general budget of the European Union.

The measures taken by the Commission in accordance with the procedure set out in Article 8 shall provide for adequate protection of the financial interests of the Community in conformity with Regulation (EC, Euratom) No 2988/95.

5. Where operations give rise to financing agreements between the Community and South Africa, such agreements shall stipulate that taxes, duties and charges shall not be borne by the Community.

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6. Eligibility for participation in tendering procedures under this Regulation shall be determined in accordance with the rules of eligibility, and the derogations therefrom, set out in Regulation (EC) No 2110/2005 of the European Parliament and of the Council of 14 December 2005 on access to Community external assistance [1].

7. The origin of supplies and materials purchased under this Regulation shall be determined in accordance with the rules of origin, and derogations therefrom, set out in Regulation (EC) No 2110/2005.

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8. Except as otherwise indicated in this Regulation, contracts shall be signed by the South African Government. In addition, if a contract is

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[1] OJ L 344, 27.12.2005, p. 1.

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not covered by a financing agreement, the contract shall be concluded by the Commission.

Article 8

Committee

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1. The Commission shall be assisted by the South Africa Committee, hereinafter referred to as 'the Committee'.

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2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to Article 8 thereof.

The period referred to in Article 4(3) of Decision 1999/468/EC shall be set at one month.

3. The Committee shall adopt its rules of procedure.

4. In the case of programmes approved by the Committee and financed through tranches relating to more than one budget year, the Commission shall take on a yearly basis subsequent financing decisions, not exceeding the determined maximum expenditure for the approved programme and within the limits of the financial resources made available by the budgetary authority, without further communication to the Committee.

5. The procedure defined in this Article shall apply to financing decisions which the Commission intends to take concerning projects and programmes of a value of over ►M1 EUR 8 million ◄. It shall also apply to any adjustment of such an operation involving an increase of more than 20 % in the amount initially agreed, and proposals arising for substantive amendments in the execution of a project for which a commitment has already been made.

6. The Commission shall inform the Committee succinctly of financing decisions it intends to take concerning projects and programmes of a value up to ►M1 EUR 8 million ◄. Such information shall be given at least one week before the decision is taken.

Article 9

Monitoring and evaluation

1. After each financial year the Commission shall submit an annual report on implementation of this Regulation to the European Parliament and the Council. The report shall set out the budget turnout with regard to commitments and payments and the projects and programmes financed in the course of the year. It shall contain statistics on contracts awarded for implementing projects and programmes.

In addition the Commission shall monitor progress against each operation's objectives in terms of outputs and outcomes, using objectively verifiable indicators.

2. The Commission shall regularly evaluate operations financed by the Community to determine whether those operations' objectives have been reached and to establish guidelines for improving the effectiveness of future operations. The Commission shall submit to the Committee referred to in Article 8(1) a summary of the evaluations made. The evaluation reports shall be available to any Member State, to the European Parliament and to other interested parties.

3. The Commission shall submit to the European Parliament and the Council a mid-term review by 31 October 2003 at the latest and an overall evaluation of the programme prior to the expiry of this Regulation.

The mid-term review will bear on results of the first Triennial Programme (2000 to 2002) implemented under this Regulation. If necessary, the Commission will propose amendments to this

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Regulation, taking into account the implications for South Africa of the new ACP/EU arrangements.

The overall evaluation will make suggestions for the continuation of development cooperation with South Africa.

Article 10

Financial reference amount

1. The financial framework for the implementation of this Regulation for the period from 2000 to 2006 is hereby set at ►M1 EUR 900,5 million ◄.

The annual appropriations shall be authorised by the budgetary authority within the limits of the financial perspective.

2. Each year the budgetary description will fix a ceiling within the annual appropriation for technical assistance contracts to be concluded by the Commission for the carrying out of joint operations for the mutual benefit of the Community and of the beneficiary.

Article 11

Duration

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Communities*.

It shall expire on 31 December 2006.

This Regulation shall be binding in its entirety and directly applicable in all Member States.