

Ex-Post Evaluation of the Economic Partnership Agreement (EPA) between the EU and its Member States and the Southern African Development Community (SADC) EPA States

(TRADE2022/C1/C12 - 2022/OP/0007)

Overview of evaluation approach
Draft inception report

CSD Meeting, 31 May 2023

Introduction: The EU-SADC EPA Agreement

- Development-oriented free trade agreement (FTA) between the **EU** and six Parties from the Southern African Development Community (SADC): **Botswana, Eswatini, Lesotho, Mozambique, Namibia and South Africa**. Angola participated in negotiations but did not sign – might join in the future
- **Signed** on 10 June 2016. Before: TDCA with South Africa; unilateral preferences (GSP)
- Provisionally **applied** since 10 October 2016 (for Mozambique, 4 February 2018)
- **Goods**-only FTA. Rendez-vous clauses for services trade and investment, competition, IPR, and public procurement.
- Market access:
 - **EU preferences** for imports from SADC EPA States:
 - SADC EPA States except South Africa: duty free and quota free access for all goods
 - South Africa: full or partial removal of customs duties on 98.7% of imports from South Africa
 - **SADC EPA State preferences** for imports from EU:
 - Southern African Customs Union (SACU): full or partial removal of tariffs on about 86% of imports from the EU. Some exclusions, e.g. motor vehicles for transport of goods, petroleum oils.
 - Mozambique (Least Developed Country): liberalises about 74% in terms of trade volume

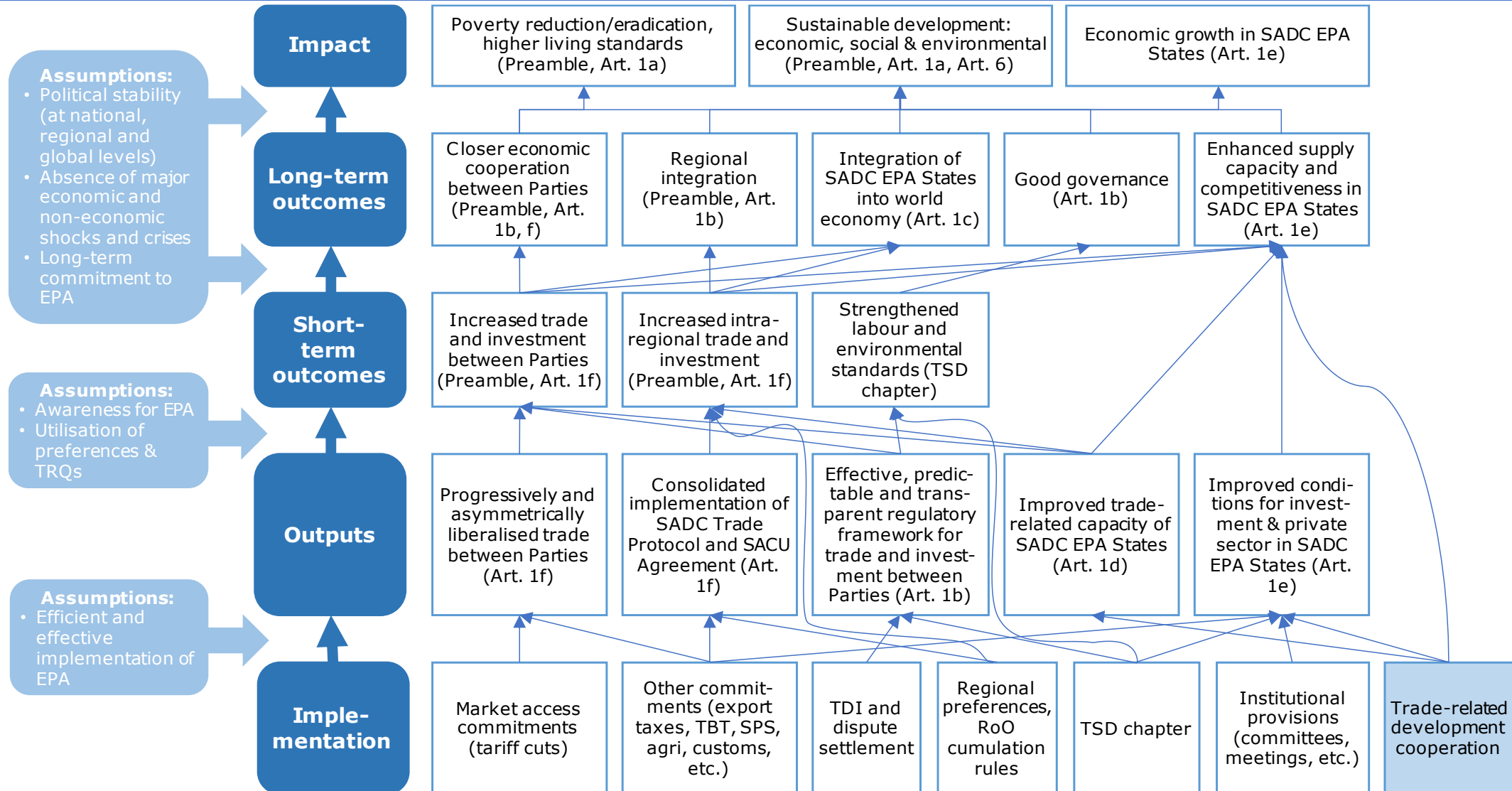
Inception report contents

- 1. Purpose, scope and approach of evaluation**
2. Description of the EU-SADC EPA
3. Literature review
- 4. Evaluation framework**
- 5. Methodology**
- 6. Consultations**
- 7. Evaluation work plan**

1. Purpose and scope of the evaluation

- **Purpose of the evaluation:** to evaluate the **implementation** and **impact** of the EU-SADC EPA since its provisional application
- **Scope:**
 - Implementation (**effectiveness & efficiency**): commitments by the Parties; institutional issues; related development cooperation
 - **Impact:** economic; social, gender; human rights, including labour rights; and environment & climate change
 - **Coherence** with EU policies and **relevance** for EU and SADC EPA trade needs and development issues
 - **Geographically:** EU27 and SADC EPA Partners (BWA, SWZ, LSO, MOZ, NAM, ZAF)
 - **Time:** since start of application (2016 for EU and SADC EPA except MOZ; 2018 for MOZ). Comparison period (where appropriate): from 5 years prior to start of application

4.1 Underlying intervention logic of the EPA



4.2 Evaluation questions to be answered

Effectiveness (degree to which outputs and operational objectives are achieved)

- EQ 1: To what extent have the outputs and operational objectives of the EPA been achieved?
- EQ 2: What are the factors influencing (positively or negatively) the achievement of the EPA's operational objectives?
- EQ 3: Has the implementation of the EPA had unintended (positive or negative) consequences, and if so, which ones?

Impact (degree to which higher-level objectives are achieved)

- EQ 4: What has been the impact of the EPA on sustainable development in its economic, social, environmental, and human rights aspects?

Efficiency (ratio between resources and cost, and achieved outputs)

- EQ 5: To what extent has implementation of the EPA been efficient with respect to achieving its objectives?
- EQ 6: To what extent are the costs associated with implementation of the EPA proportionate to the benefits it has generated, and how are they distributed across different stakeholder groups?
- EQ 7: Are there unnecessary regulatory costs (including administrative burden)? What is the potential for simplification?

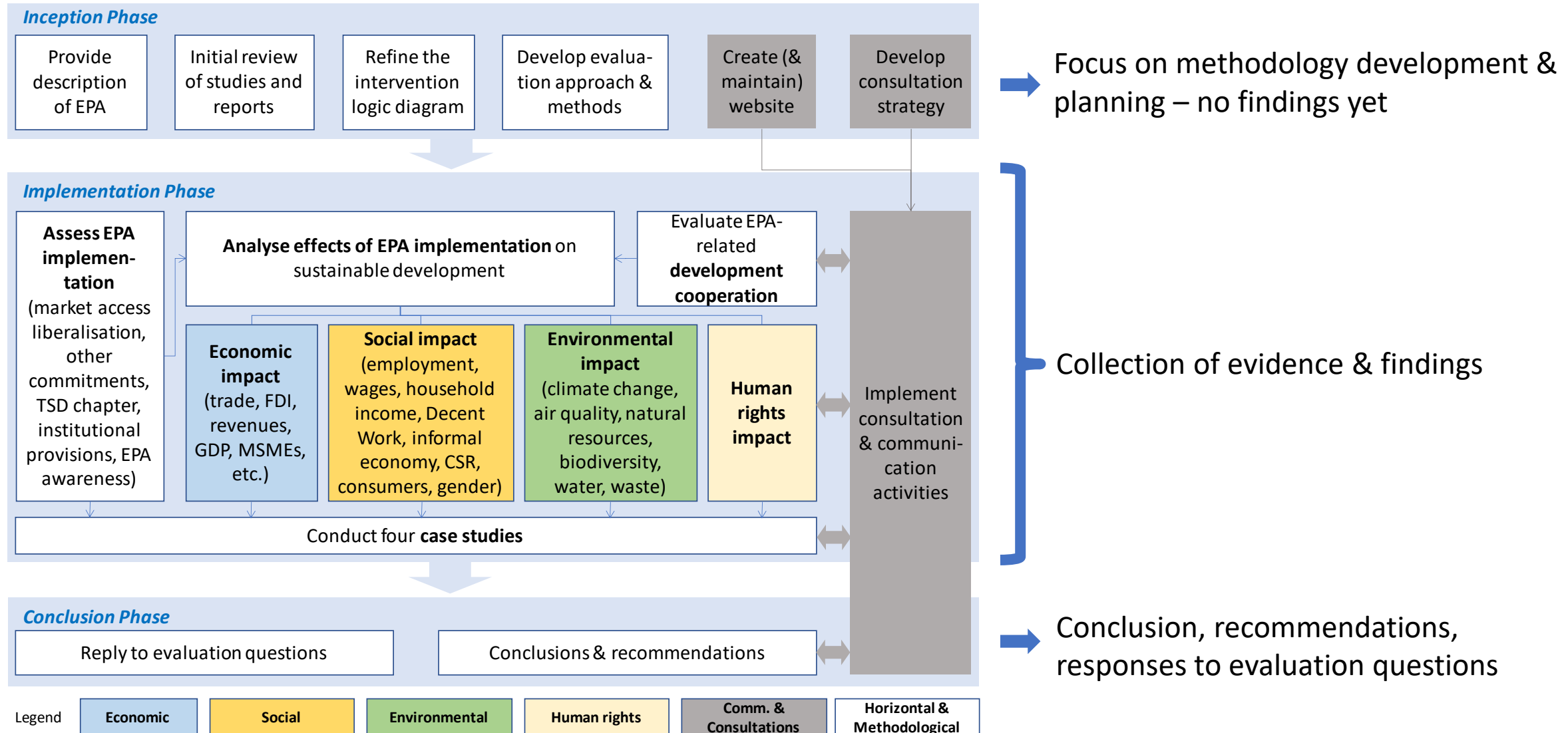
Coherence (degree of alignment between the EPA and other policies)

- EQ 8: To what extent has implementation of the EPA been coherent with the EU's trade and development policies – and in particular, with the EU's commitment to sustainable development in trade policies as a contribution towards attainment of the Sustainable Development Goals (SDGs)?

Relevance (degree to which the EPA addresses real needs of the Parties)

- EQ 9: To what extent do the provisions of the EPA continue to be relevant for the current trade needs and development issues of the EU and SADC EPA States, as well as geopolitical considerations?

5.1 Methodology: tasks and types of analysis



5.2 Evaluation of EPA implementation

- **Purpose:** Evaluate extent to which Parties implemented commitments made in EPA
=> efficiency, effectiveness
 - binding commitments
 - alignment of actual developments with best endeavour & intentional statements in EPA
 - influence of autonomous policy measures taken by Parties on EPA implementation
- **Scope:**
 - Market Access Liberalisation
 - Implementation of TSD Chapter
 - Use of Export Taxes
 - Use of Trade Defence Instruments and Disputes
 - Implementation of customs and trade facilitation-related provisions
 - Use of Technical Barriers to Trade
 - Implementation of SPS Measures
 - Implementation of Institutional Provisions
 - Use of the Regional Preference Clause
 - Rules of Origin
 - Geographical Indications
 - Awareness for the EPA

5.3 Evaluation of EPA economic impact

- **Descriptive comparative statistical analysis** – trade (& investment) effects:
 - Trade in goods: before/after EPA; EPA trade vs. trade with other countries; best and worst-performing products; diversification; preference and TRQ utilisation
 - Relate to EPA implementation issues
 - Bilateral trade in services and investment: before/after EPA; comparison with services trade with & investments to/from other countries; changes in restrictions
- **CGE model simulation** – trade & overall economic effects:
 - Compares actual development with EPA against 2 counterfactuals without EPA
 - Scenario A (TDCA): EU -> SACU: TDCA; EU -> MZ: MFN; ZA->EU: TDCA; BW & NA -> EU: MFN; SZ -> EU: GSP; LS & MZ -> EU: EBA
 - Scenario B (MFN): EU -> SADC: MFN; BW, NA & ZA -> EU: MFN; SZ -> EU: GSP; LS & MZ -> EU: EBA
- **Impact on MSMEs** – SME Test

5.4 Evaluation of EPA social impact

- The social impact analysis will be based on the following four **steps**:
 - Trends in the EU & SADC EPA States since 2011* until now and factors influencing the situation;
 - The analysis of effects caused by the EU-SADC EPA as a whole;
 - The analysis of impacts of selected EU-SADC EPA provisions;
 - Conclusions and recommendations.
- The analysis will cover several **thematic areas**, such as employment, informality, working conditions, labour standards, consumers, poverty or gender equality.
- Social inputs to the analysis on CSR, TSD chapter, and case studies, while findings from these/other parts will be used in the social analysis, conclusions and recommendations.
- **Data and information sources** will include economic model, labour statistics, and literature.
- Desk research will be complemented by stakeholder engagement.

5.5 Evaluation of EPA environmental impact

Impact Screening

- Prioritise environmental impact areas based on screening of current environmental performance & details of EPA
- Use impact screening matrix covering all sectors in CGE modelling

Baseline establishment

- Status of environmental governance & environmental performance of SADC EPA countries
- Policy, process of policy making, compliance/progress with national frameworks and/or MEAs, evidence of the EPA impact

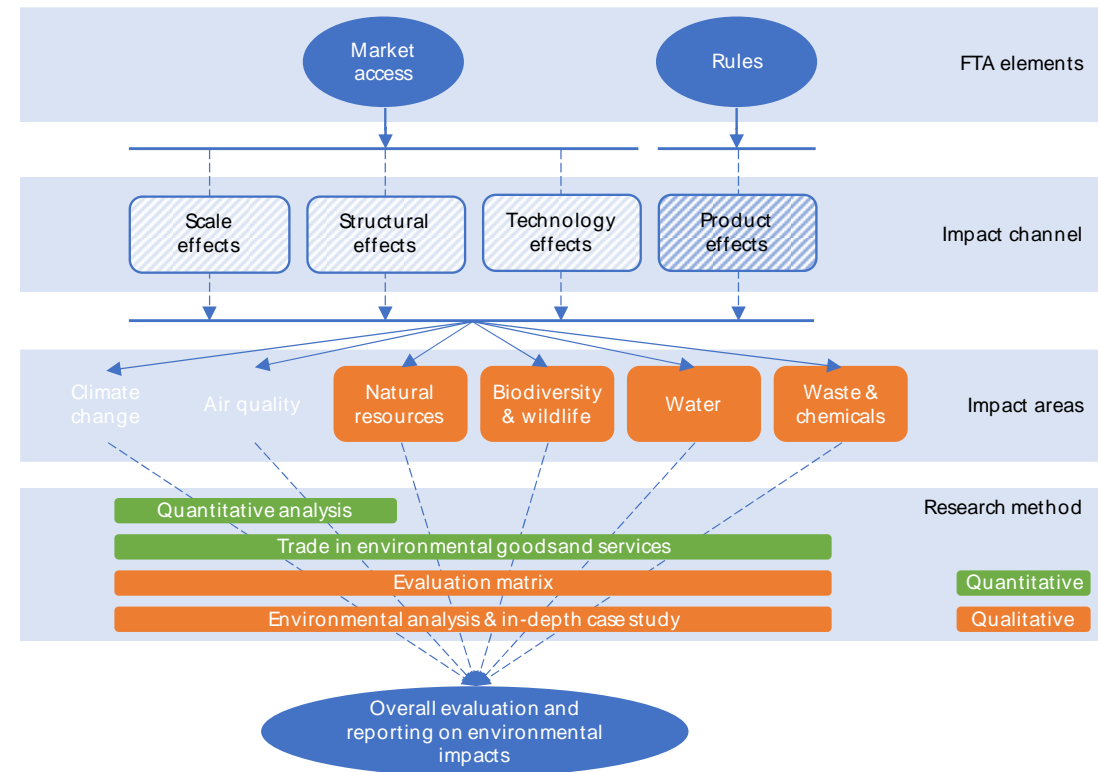
Quantitative & qualitative evaluation

- Identify components in EPA that are likely to have generated environmental effects (FTA elements)
- Assess direct/indirect, intended/unintended impacts (impact channels) on environmental performance (impact areas)
- Causal chain analysis to find causal-effect links between EPA and environmental impacts, where possible

Conclusions & responses to EQs

- Effect of EPA on performance & (effectiveness of) legislative framework in environmental impact areas
- Potential causal relation between EPA & environmental performance for impact areas through impact screening
- Answer EQs related to the EPA's environmental impacts.

Approach to evaluation of environmental impacts



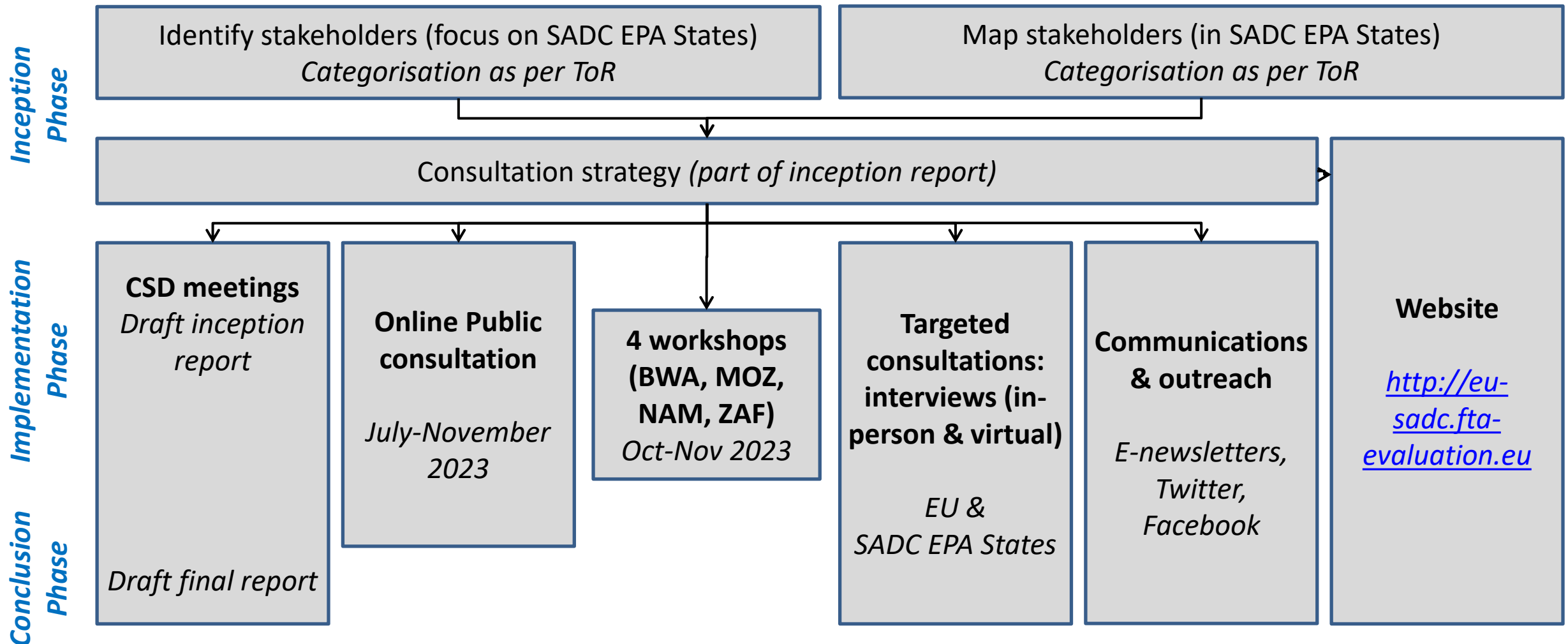
5.6 Evaluation of EPA human & labour rights impact

- International human rights normative framework – core UN Conventions, ILO Conventions and regional human rights instruments
- Methodology based on UN Guiding Principles & EC Guidelines
 - Step 1: Human rights baselines
 - Step 2: Screening & scoping > specific human rights affected by the EPA + scope and content
 - Step 3: Detailed analysis of selected human rights (major impact) – quantitative & qualitative
 - Step 4: Policy recommendations related to human rights.
- Specific focus (ToR): gender equality and land rights
- Tools: literature review, economic results, stakeholder consultations, human rights indicators, other statistical data

5.7 Methodology: Case studies

- ToR: areas to be covered by 4 case studies:
 - manufacturing (e.g. pharmaceuticals, indigenous products, auto parts);
 - agri/food (including fisheries and aquaculture);
 - investment (e.g. in renewable energy);
 - sustainable development
 - Selection criteria:
 - Geographical balance
 - Balance of impact areas (economic, social, environmental, human rights)
 - Clear causal link between EPA and case study topic
- ⇒ Requires some research (and inputs from stakeholders); selection at interim report stage

6.1 Consultations overview



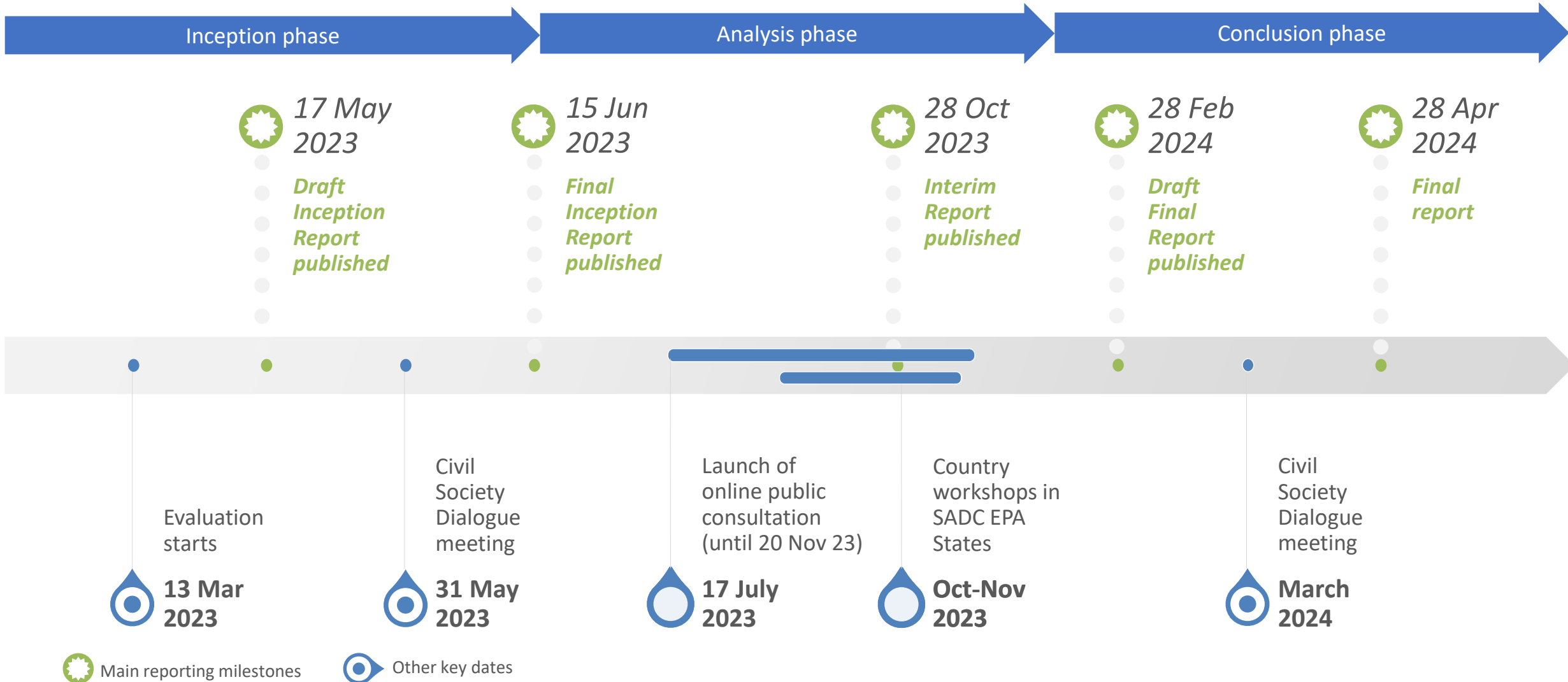
6.2 Consultations – status and next steps

- Current state of identified stakeholders:

	Botswana	Eswatini	EU	Lesotho	Mozambique	Namibia	South Africa	Total
Public sector	26	18	53	27	19	31	29	203
Private sector	6	36	312	3	16	12	86	471
Civil society	2	0	95	4	4	12	14	131
Total	34	54	460	34	39	55	129	805

- More work needed to identify CSOs in partner states!
- First field mission to SADC EPA States: 13-29 June
- Reaching out to stakeholders in EU – meetings starting in June

7. Evaluation schedule



Please contribute!

- Can you recommend stakeholders – notably in SADC EPA States, and especially NGOs?
- Do you know any firms involved in EU-SADC EPA trade and investment (EU or SADC firms) who might be willing to share their experience with us?
- Which problems and/or success cases in terms of EU-SADC EPA trade and investment do you know of (including issues related to labour, gender, environment, etc.)?
- What do you think could be worthwhile case studies?

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<http://eu-sadc.fta-evaluation.eu>



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