

# REPUBLIC OF SOUTH AFRICA

## Multi-Annual Indicative Programme 2021 – 2027

### **1. The overall lines of the EU international cooperation in the partner country/region**

#### **1.1. Basis for programming**

The *South Africa-European Union Strategic Partnership*, which is one of ten in the world and the only country-level EU strategic partnership on the continent, provides a broad strategic framework for programming, building on the commitments to multilateralism, peace and security. This is complemented by the objectives in the *Trade Development and Cooperation Agreement (TDCA)* and the *EU-SADC Economic Partnership Agreement (EPA)* that supersedes the trade pillar of the TDCA, which sets the legal basis for EU- South Africa (SA) relations and covers political dialogue, development, trade as well as sectoral cooperation. SA is the second-largest economy in sub-Saharan Africa and is often perceived as a gateway to the continent. The EU is South Africa's largest trading partner, whereas SA is among the top trade partners of the EU in the African continent.

Based on common values, the programming builds on SA's development priorities and their links with the EU's partnership and development objectives. Supporting SA's reforms and building capacities will promote democracy and good governance and support stability and resilience. The main policy documents considered for aligning the EU programming in SA are:

- South Africa's National Development Plan (NDP) - Vision 2030, complemented by the Review of Economic Progress towards the NDP's Vision for 2030: Recommendations for Course Correction (RCC);
- Nationally Determined Contribution (NDC); South Africa Low Emission Development Strategy, National Climate Change Adaptation Strategy,
- The South African Economic Reconstruction and Recovery Plan (ERRP), in response to Covid-19;
- South Africa's Medium-Term Strategic Framework 2019-2024 (MTSF).

EU cooperation, as part of the EU external action, will remain guided by:

- The 2030 Agenda: the SDGs and the Addis Ababa Action Agenda;
- The Global Strategy for the EU's Foreign and Security Policy;
- The new European Consensus on Development.
- European Green Deal;
- The UNFCCC Convention and Paris Agreement on Climate Change; United Nations Convention on Biodiversity, and other relevant Multilateral Environmental Agreements

EU cooperation will also encompass aspects stemming from the overarching policy priorities it has set for its external cooperation (with respective weight varying based on country context):

- Green alliances and partnerships (including climate change, environment, energy and food systems);
- Digital transformation and data technologies;

- Sustainable growth and decent jobs (including trade and investment);
- Better management and governance of migration;
- Governance, peace & security and human development.

Eradicating poverty, generating quality employment and tackling inequalities will be essential for people's ability to seize development opportunities. EU actions will apply the principles of "do no harm" and "build back better".

The design and implementation of this programme are also informed by EU-SA Summit conclusions and policy dialogue structures, for instance:

- The Forum on Environment, Water and Climate Change;
- The Senior Officials Meetings (SOM) on education;
- The Human Rights Dialogue;
- The EU-SADC EPA Trade and Development Committees.

South Africa is a country with unique *transition challenges*. The key socio-economic challenges include high rates of poverty (over 55% of the population lives below the national poverty line), social inequality (Gini coefficient of 0.63)<sup>1 2</sup>, and persistent unemployment stands at ca. 33% and around 43% per the expanded definition especially among youth and women. Despite relatively high levels of public spending on education, South Africa suffers from weak educational quality (the country spends on average the equivalent to over 6 % of its GDP on education, on par with many OECD countries).<sup>3</sup> SA faces significant irregular migration challenges. Despite reform efforts, SA has experienced a protracted economic downturn in recent years mainly due to structural weaknesses and the decline of manufacturing. In addition, the legacy of apartheid is very much felt in terms of wealth distribution, territorial development, spatial inequality and challenges with service delivery, especially at municipal level. The country is the economic powerhouse in the region, and one of the few on the continent, however, the deterioration of public finances, spiralling government debt and lack of energy security accentuate South Africa's vulnerabilities. Given population growth, gross domestic product (GDP) per capita growth has been close to nil since 2014, leaving little room to reduce poverty.

The country is now on the threshold of turning a *challenge* into a unique *opportunity* to reshape its socio-economic landscape towards more sustainable and resilient growth, whilst addressing the needs of the most disadvantaged sectors of society. Against this background, the MIP will explore impactful opportunities for decent **job creation, education, and improved access to services**, - the targeted dimensions in the equality agenda in South Africa. The MIP will pilot activities and leverage investment in the most promising sectors for the future of the country and its stability, including the **green and digital spheres**, with **citizen participation and youth** at its core.

The MIP prioritises areas where the EU adds significant value. The proposed areas of intervention are based on long-term engagement, such as in the sector of technical and vocational education and training, EU's comparative advantage based on solid expertise, such as in green investments, and EU's experience, such as in promoting regional exchange and integration. The choice of sub-sectors and expected results reflects both lessons learnt from previous and ongoing interventions as well as the EU-SA joint prioritisation of desirable

<sup>1</sup> World Bank data base: <https://data.worldbank.org/>

<sup>2</sup> 2021 Q1: <http://www.statssa.gov.za/publications/P02n/Media%20release%20QLFS%20Q1%202021.pdf>

<sup>3</sup> <https://www.imf.org/en/Publications/WP/Issues/2019/03/01/Struggling-to-Make-the-Grade-A-Review-of-the-Causes-and-Consequences-of-the-Weak-Outcomes-of-46644>

outcomes because of current developmental challenges. The choice of sub-sectors regarding education will also be made in light of the key bottlenecks in educational system identified in this MIP, for instance “weak educational quality” and “low education outcomes”. Support for education will be closely coordinated with other donors.

## 1.2. Status of joint programming

The unique transformation challenges of South Africa provide an opportunity to portray European cooperation that contributes to showing Europe is a reality on the ground, with a greater coherence vis-à-vis our partners, providing increased visibility for the EU and its Member States (MS). To this end, EU and MS have locally agreed on “*Working Better Together with South Africa towards a sustainable agenda*”, having recognized a marked convergence of respective cooperation activities around key political objectives. These domains of convergence have in turn led to outlining Team Europe Initiatives.

Whereas few EU MS<sup>4</sup> have a substantial development cooperation envelope, including regional programmes, the EU and many MS engage in a wider partnership agenda. The activities of EU MS are mainly focused on education, health, good governance, including democracy and human rights, environment, climate change and energy transition, economic cooperation, decent jobs and growth, and science and research. Envelopes vary in size from less than EUR 1 million to EUR 100 million annually.

Most MS have indicated an intention to engage jointly in Team Europe Initiatives. To achieve greater impact, the EU and its MS can mobilise the range of their cooperation instruments that translate into investments in South Africa (development, scientific, cultural, trade-related assistance, etc.). The concept of “Total Official Support to Sustainable Development” will be promoted. For the EU, this means strong articulation of this MIP with Erasmus+, Horizon Europe or the European Regional Development Fund (ERDF) [in particular the INTERREG programme involving the outermost region of La Réunion]. For this purpose, complementarity with Thematic (CSO, Human Rights and Global Challenges) and Regional Programmes, financed under INTERREG and the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-GE), can help to achieve the expected results in the priority areas at Country level. Synergies between the NDICI and the ERDF will be sought, where relevant, for the implementation of joint cooperation projects between South Africa and the outermost region of La Reunion.

Joint analysis, enhanced coordination and joint response is carried out, although no common document exists. A joint EU/MS approach around (political) communication, advocacy, joint assessments and/or joint consultations with government around our shared interests, translated into cooperation activities, appears a more promising entry point than joint programming per se.

## 1.3. Priority areas of the EU's cooperation with the partner country/region

Building on *challenges* and *opportunities*, the key areas linking EU and South African development priorities as outlined in the NDP, NDC and ERRP include:

- Addressing the nexus of **poverty**, **inequality** and **unemployment**, building state capacities and active citizenship;
- **Adapting to climate change** (and mitigation where relevant), to transition to an

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<sup>4</sup> 22 EU Embassies are currently based in South Africa

**environmentally sustainable, climate resilient, low carbon economy and just society;**

- Recovery and growth linked to a **digital economy, innovation, skills development, economic inclusion of women and youth, and fight against corruption;**
- **Regional integration, migration management, peace and security.**

**Both EU and SA are committed to tackling inequality.** The creation of economies that work for people and the planet, based on equality for all and, green and just transition - leaving no one behind - is one of the EU's top priorities. Addressing the nexus of poverty, inequality and unemployment is at the core of South Africa's National Development Plan - vision 2030. It underpins its NDP targets: growing the economy at a rate of 5.4%, reducing the unemployment rate to 6%, increasing investment as a share of GDP to 30%, reducing inequality as measured by the Gini Coefficient to 0.60. Working on addressing vertical and horizontal (racial, gender and spatial) inequalities in South Africa would therefore be the EU's crucial contribution to address a key deep-rooted South Africa challenge.

**EU is committed to become the 1<sup>st</sup> Climate neutral continent by 2050, and SA is committed to ultimately moving towards a goal of net zero carbon emissions by 2050<sup>5</sup>.** This common endeavour is of high relevance to strengthen EU-SA relations further and opens new opportunities for investments and job-driven growth. In South Africa, these harbour the potential of accelerating economic growth, innovation and investment by opening up business opportunities in sectors that will drive environmentally and socially inclusive growth. A green growth strategy also creates opportunities for partnerships between SA and European companies, cities and regions that could be extended to the broader region.

**SA and EU are both fully committed to a vision of an African continent** which is prosperous, peaceful, democratic and united and which contributes to a world that is just and equitable. Bringing EU-SA partnership to the next level and working together to safeguard shared values and global goods is at the core of the EU's future strategy with Africa. The EU is committed to strengthening resilience in its partner countries by 'new partnerships' which includes promoting exchange and good practices.

Europe's contribution to SA's transformation agenda in support of the implementation of the 2030 Agenda for Sustainable Development remains pivotal to the partnership. This leads to combine a cooperation **IN SA** (in alignment with the development priorities above), and a cooperation **WITH SA**, building on the EU-SA Strategic Partnership, that should aim at safeguarding global public goods and regional/global integration. Moreover, preparing for forthcoming SA challenges with youth cross-cuts the intervention logic.

Against this background, the following broad priority areas have been identified for EU-SA cooperation in the context of the Multi-Annual Indicative Programme:

- **PRIORITY AREA 1 :** Sustainable, resilient, transformative and inclusive growth (SDG 7, 8, 9, 11, 12, 13)
- **PRIORITY AREA 2:** Reducing Inequalities (SDG 3, 4, 5, 10, 16)
- **PRIORITY AREA 3 :** Partnerships (SDG 17)

These areas although distinctive are in many respects interdependent and interrelated- a green

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<sup>5</sup> SA Low Carbon Emission Development Strategy

<https://unfccc.int/sites/default/files/resource/South%20Africa%27s%20Low%20Emission%20Development%20Strategy.pdf>

growth strategy opens opportunities for new decent jobs, investment, increasing competitiveness of SA economy, enhancing social inclusion and equitable growth. The digital agenda can be catalytic in increasing access to education, to more efficient service delivery, to youth and women empowerment and inclusion. Partnerships can be transformative in enhancing the green and sustainable growth, peace and security. Team Europe Initiatives (TEI) in South Africa, notably a #TeamEurope4SouthAfrica: Jobs for future South Africa and #TeamEurope4SouthAfrica: A Just and Green Recovery are reflected across all the priorities.

The consultations with different stakeholders across local, European and International clusters in SA suggested that EU cooperation shall be pursued through a '*value added*' approach and *flexibility*, particularly through:

- more strategic use of blending, guarantees and innovative financial instruments, engagement with the private sector;
- innovation, risk-taking, piloting, systems development, capacity building and, above all, skills development;
- strong focus on targeted technical assistance, technology transfer and development;
- exchange of knowledge and expertise, including institutional partnerships and exchanges;
- use of appropriate triangular and (bi)-regional cooperation to create EU added value while ensuring the promotion of the development effectiveness principles;
- building upon the SA scientific, academic and CSOs' capacities;
- strengthening people to people contact;
- strengthening contacts between EU and SA economic operators.

#### **1.4. Justification and context**

##### **Priority area 1: Sustainable, resilient, transformative and inclusive growth**

South Africa is the most industrialised country in Africa, responsible for more than half of Africa's greenhouse gases (GHG) - mainly due to heavy reliance on coal. The coal sector also causes high emissions of air pollutants with strong negative health impacts. South Africa has a very resource-intensive economy with hitherto largely untapped potential for energy and water resource efficiency. The country is particularly vulnerable to climate change, which puts the health and the livelihoods of future generations at risk. The transition from old coal-based capacity and creating sustainable alternative jobs is therefore critical to achieving SA's climate and clear air policy objectives by 2030. SA defines a just transition as one in which the country reduces its reliance on fossil fuels and its emission of greenhouse gases and air pollutants while sustaining economic growth, creating jobs and protecting those most affected by these changes. It is equally critical to country energy security to unlock the jobs attached both to renewable energy deployment and to old capacity repurposing.

South Africa is also one of 17 mega biodiverse countries in the world. Beyond an immediate economic recovery focus, climate change and the biodiversity crisis are still two of SA's biggest threats. Greening the economy is, therefore, a critical area for growth, focusing on the circular economy, innovation and unlocking green investment. Balancing the two in the South African reality is both a significant challenge and a unique opportunity for EU-SA cooperation.

South Africa's commitment to *transition to an environmentally sustainable, climate change resilient, low carbon economy and just society* is embedded in the NDP. The SA Low Carbon Emission Development Strategy implies that the country will require several interventions to reduce greenhouse gas emission. The country is a founding member of the Africa Circular

Economy Alliance. Making SA's economy grow sustainably is at the heart of the Economic Reconstruction and Recovery Plan (ERRP), in the context of which green interventions are important not only in addressing the persistent challenges of inequality, poverty and unemployment but also in offering a sustainable solution to climate vulnerability and driving economic competitiveness.

South Africa's sustainable growth and jobs, and its transition to a green and resilient economy align with the EU's key priorities - notably the alliances for green and sustainable growth and decent jobs. More particularly, the European Green Deal, Council Conclusions on climate and energy Diplomacy and the African Green Stimulus Programme are of high relevance to the further strengthening of EU-SA economic relations. Moreover, supporting SA's efforts towards a sustainable economy, a resilient and more equitable society will contribute to its progress towards its global commitments.

The MIP therefore offers unique 'win-win' solutions for a climate-proof, biodiversity friendly and circular economy initiatives, focusing on sustainable recovery, jobs and SMMEs, especially youth and women-led, particularly devastated by the pandemic. Building on the EU strengths, expertise and innovation, models to improve water, energy and resource efficiency will be exploited. Policy reform and conducive regulatory environment is essential for enabling the energy transition, green growth and investments in transformative and sustainable way. Digital transformation will be a key enabler for green transition. In line with the #Team Europe cooperation, bringing together the expertise and tools of all EU partners, the MIP will provide South Africa a mix of financial and technical options in its just transition towards a climate resilient economy. A comprehensive EU-SA policy dialogue in the area of environmental policies climate change and energy transition, science, technology and innovation will underpin our cooperation.

## **Priority area 2: Reducing inequalities**

South Africa is consistently ranked as one of the most unequal countries of the world, South Africa has made considerable strides to improve the wellbeing of its citizens, but progress has largely stagnated in the last decade. Income distribution remains highly skewed, meaning that SA's economy does not equally benefit all of its citizens. The top 20 percent of the population holds over 68 percent of income (compared to a median of 47 percent for similar emerging markets)<sup>6</sup>. High unemployment is a major factor behind the inequality levels with youth unemployment exceeding 50%. Covid-19 has further exacerbated the problem of unemployment in South Africa and the economy lost over 3 million jobs during the country's first coronavirus lockdown alone<sup>7</sup>. In addition, unequal access to opportunities and essential public services remains a cause of concern. Inequalities in South Africa are multi-faceted and multi-dimensional. Moreover, they remain stubbornly racialized, gendered and spatialized. Despite SA's Constitution, which guarantees human rights and equality for all, human rights abuses, particularly of a socio-economic nature, remain prevalent.

Tackling inequalities is at the core of South Africa's National Development Plan (NDP), which ambitiously aims at reducing inequality as measured by the Gini Coefficient to 0.60. It is acknowledged that the attainment of Vision 2030 and these targets have been impaired by the Covid-19 crisis the impact of which on the labour market has disproportionately affected women

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<sup>6</sup> <https://www.imf.org/en/News/Articles/2020/01/29/na012820six-charts-on-south-africas-persistent-and-multi-faceted-inequality>

<sup>7</sup> National Income Dynamics Study - Coronavirus Rapid Mobile Survey (NIDS-CRAM), February-April 2020 reports; <https://cramsurvey.org/reports/>

and youth. This presents a challenge, which must be met through a redoubling of efforts to put the economy back on track towards the trajectory of Vision 2030. The RCC outlines a broad course correction recommendation, such as: *rebuilding state capacity* - incl. digital enabling of the government, reducing corruption through transparency, etc. - and *enabling people* - incl. education, digital skills, capabilities and labour markets that are adaptive and responsive.

The MIP aims at a multidimensional approach to address inequalities. Building on the lessons of EU-funded programmes which have conceptualised innovative approaches to unemployment solutions for SA, we will increase investment in Technical and vocational education and training (TVET) skills development, especially in emerging sectors of the economy (digital, green, health, etc.). Supporting South Africa's youth and developing its potential shall be at the centre of the EU interventions.

Activities under this area will build on digital and innovative solutions and capacity development for both the demand and supply side as important enablers for more efficient, transparent and inclusive service delivery. We will support links with the private sector, with a focus on entities led by youth, women, and vulnerable groups<sup>8 9</sup>. Potential of cooperatives and other entities of the social and solidarity Economy, labour rights, labour protection and social protection will be explored. Addressing shortcomings related to labour standards, labour migration and child labour may also be considered in cooperation with other development partners. Migrant communities will be included in the program. The MIP will mainstream using the rights-based approach and fight all forms of discrimination to address horizontal inequalities<sup>10</sup>; and systematically apply an inclusive approach to vertical, inter-personal, inequalities.

### Priority area 3: Partnerships

This priority area stems from the goals of the EU-SA Strategic Partnership. It is coherent with SA strategic documents, such as the NDP (priorities such as '*South Africa in the World and the Region*') and the Economic Reconstruction and Recovery Plan (ERRP), which identifies Economic Diplomacy and further integration into the African continent as one of the key enablers for SA economic reconstruction and recovery. It builds on aspects of the overarching policy-driven priorities the EU has set for its external cooperation to face global challenges, promote its values and contribute to peace and prosperity in the world. It should also be coherent with Agenda 2063: The Africa We Want and its related Flagship Projects.

Moreover, the Covid-19 crisis poses a risk as regards amplification of unilateral initiatives. The ERRP considers it an opportunity to further strengthen integration, trade and investment within the Africa continent. SA is a popular destination for many refugees and other migrants in the region and the broader continent, particularly because of its long tradition of accepting labour migration in the country. Border control remains weak, mainly due to fragmented management, and weak infrastructure and administrative capacity.

The regionalisation of SA's economy and the deepening of Southern African Development Community (SADC) regional economic integration remains of mutual interest, and can be

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<sup>8</sup> <https://www.afd.fr/en/ressources/inequality-trends-south-africa-multidimensional-diagnostic-inequality>

<sup>9</sup> According to SA Stats, vulnerable groups can be defined as population that experience a higher risk of poverty and social exclusion than the general population.

<sup>10</sup> *Horizontal inequality* refers to differences between culturally defined **groups** of people within a society, i.e. between the rural and urban population, or between different ethnic groups.  
*Vertical inequality* refers to differences between **individuals** (or households) within a particular country or region, or in the world as a whole.

achieved through the implementation of the SADC-EU Economic Partnership Agreement (EPA) and the operationalisation of the relevant provisions, fostering value chains and connectivity within the SADC region and at the continental level (African Continental Free Trade Area (AfCFTA)). In this context, South Africa is a key partner to promote and streamline competition policy on the continent at the national, regional and continental level (potentially through the AfCFTA Competition Protocol), thereby improving investment conditions for African and EU investors alike. Corporate Social Responsibility (CSR) will also be promoted.

Strengthening people-to-people exchanges through joint research activities or twinning initiatives between academic and cultural institutions are strong catalysts for peace-building and nurturing EU-SA rope bonds. Against this background, activities under this priority will focus on cooperation **WITH** SA, building on EU-SA Strategic Partnership, aimed at safeguarding global public goods and regional/global integration, in line with SDG 17 ‘Global Partnerships’.

### **Role of the civil society**

In line with the 2012 Communication and Council Conclusions on the “*Roots of Democracy*”, the Road Map for engagement with Civil Society (CS) in SA, and in recognition by Government of South Africa of the importance of Civil Society for the NDP, this MIP aims at putting civil society at the centre of our collaboration in all three priority areas.

Work with CS will be mainstreamed under the three priority areas. Within each priority area, specific aspects will be addressed, such as sector-specific accountability and other governance issues, enhancement of innovation and social partnerships, and the promotion of evidence-based policy dialogue between CS and SA authorities. In this way, sector-specific support will be complementary to and interwoven with other operations within the sector.

Furthermore, although SA’s CS is vibrant and dynamic, its ability to monitor and influence policy implementation is at times limited by internal capacity constraints and weak coordination. Aligned with the Road Map priorities, measures will be explored to strengthen CSOs’ technical skills and capacities including networking, alliance building and coordination in the areas of the MIP’ priorities, specifically digital, gender equality, climate change and socio-economic development.

### **1.5. Duration of the MIP and option for synchronisation**

The MIP will have a duration of 7 years with a mid-term review in 2024, in synchronisation with the country’s cycle. The MIP broadly follows South Africa’s long-term National Development Plan, 2030, which lays a strategic long-term country’s development vision, accompanied by a Medium-Term Strategic Framework (MTSF) 2019-2024. The MTSF, which offers a package of interventions and programmes aimed at the implementation of the NDP goals is due to expire in 2024. The year 2024 also coincides with South Africa’s general/ presidential election cycle and provides a good opportunity for a synchronised review.



## **2. EU support per priority area and proposals of Team Europe Initiatives**

### **2.1. Priority area 1: Sustainable, resilient, transformative and inclusive growth**

**Overall objective: to accompany South Africa on its path towards more sustainable, green and resilient growth.**

Working on a green and resilient economy would provide a substantial EU contribution to SA's pressing socio-economic challenges while enabling the country to progress towards its longer-term national development objectives. It would support job creation in the aftermath of its worst economic crisis since 1994, which was further exacerbated by Covid-19 pandemics, while also meeting EU priorities and interests. This priority area will be aligned with the implementation of the 2030 Agenda for Sustainable Development (in particular SDGs 8, 9, 11, 12, 13) and the Africa-Europe Alliance for Sustainable Investment and Jobs. This priority area could be a core contributor (tentatively 85% its resources, around EUR 43m) to the #TeamEurope4SouthAfrica: A Just and Green Recovery. The EU's indicative contribution to this TEI is subject to the confirmation of the Team Europe partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.

Across all sectors, complementarities with relevant regional programmes related to green and climate transition (including transboundary diseases, climate adaptation, etc.), sustainable growth and jobs amongst others will be explored. Actions under this priority will mainstream disaster preparedness as a way to mitigate possible climate- induced shocks or/and hydro-meteorological hazards, and include to the extent possible a crisis modifier in interventions as a flexible way to respond to unforeseen events.

The EU intervention will focus on the following indicative sectors:

1. **A sustainable, job-intensive and greener economic growth:** Industry (DAC: 321)
2. **Building resilience and response capacity to Climate Change:** General Environment Protection (DAC: 410)
3. **Cities and hubs of green and sustainable transformation:** Other Multisector, incl. urban/rural development (DAC: 430)

#### **2.1.1. Specific objectives related to the priority area**

##### **SO1: To promote sustainable, job-intensive and greener economic growth**

The EU support under this area could focus on accompanying SA's efforts towards sustainable economic growth, diversification, competitiveness, trade, investment, private sector development and a just energy transition to low-carbon climate-resilient, resource- efficient and circular economy solutions. More specifically, the EU interventions would entail support to (i) **Small, Medium and Micro Enterprises (SMMEs) and job creation** towards a circular, low carbon and competitive economy, in particular led by women and youth. Synergies with the African Circular Economy Alliance (ACEA) and EU Circular Economy Action Plan (CEAP) to promote a green and circular economy transition will be sought. Furthermore, linkages with SA National Waste Management Strategy, SA Biodiversity Strategy and Action Plan will be

explored; (ii) It would exploit opportunities, building on the strength of the EU-SA strategic partnership, for accelerating **investment, innovation and research within key climate-sensitive sectors** with improved access to innovative finance and technologies (e.g. green power-fuels, including green hydrogen, sustainable energy, energy efficiency, circular economy, green/digital solutions); (iii) Finally, it will focus on policy implementation, relevant reform, and improving regulatory, administrative and investment environments, aimed at **unlocking green investments and growth**. The EU will help accelerate **financial flows** towards green, inclusive and resilient transitions. This could include helping South SA spurring green and sustainable investments and supporting South Africa integrate climate and environmental risks in its financial systems.

## **SO2: To enhance resilience and response capacity to Climate Change**

The EU interventions under this area would aim to strengthen SA's socio-economic and environmental resilience and emergency response capacity, including climate adaptation, whilst at the same time harnessing ecosystem based approaches, inclusive, sustainable and resilient recovery measures. Digital solutions will be sought as key enablers and drivers for climate neutrality. Building on SA's commitments on climate action, the EU interventions would focus on (i) increasing **awareness on climate change** and its impacts including in schools and other educational establishments. This may include the roll-out of Disaster Risk Reduction (DRR) in schools curricula in order for learners to become agents of change in the communities they live in. They will promote initiatives building the (ii) **resilience and response capacity to climate change**. Building on the *value added approach*, this could include testing, piloting or developing demonstration interventions, especially at municipal levels. This could include decarbonisation and green fiscal policies as a source of revenue mobilisation.

The EU cooperation will also exploit opportunities for sustainable use and management of natural resources, including (iii) **biodiversity** and **wildlife assets**. The activities could include: sustainable management of ecosystems, biodiversity economy, sustainable and resilient agri-food systems, low carbon and climate proof innovations and sustainable production and job creation, thus contributing to the economy, development of vibrant local communities and enhancing social wellbeing, aimed at more inclusive and job-rich recovery.

Regional interventions would be important in the areas of: (i) transboundary high value ecosystems/landscapes/water basins and wildlife/security nexus (e.g. Kaza-Limpopo-Nikaya); (ii) resilience building in areas such as transboundary diseases (iii) early warning systems/disaster risk reduction.

## **SO3: To support cities and hubs of green and sustainable transformation**

The EU interventions under this area aim at accompanying SA to harness the potential of cities as hubs for sustainable and inclusive growth and innovation; greener, social and resilient infrastructure; energy efficiency; and low-carbon, inclusive communities and eco-systems. There is a strong potential for EU interventions in unlocking sustainable infrastructure investment (exploring sustainable energy and financing solutions), including through blending instruments to crowd in additional private and development finance institutions investment, while taking into consideration the issues of debt sustainability. The activities could also include city twinning activities with the EU.

More specifically, accelerating (i) renewable energy integration and **resource** and **energy efficiency** models and (ii) **water efficiency** and **reuse** solutions, will be explored, based on successful EU models. Furthermore, the EU cooperation would aim supporting (iii) **just and**

**inclusive transition from coal mining** areas through creation of jobs in alternative sectors. This would bring an impactful EU contribution to South Africa's just transition measures for reskilling workers and creating sustainable jobs in emerging sectors, such as green energy and circular economy. Furthermore, this would foster economic, social and territorial cohesion in these provinces and districts, forging stronger links between urban and rural areas.

### **The role of civil society**

The EU will ensure that it contributes to a transition driven by a social dialogue. Civil society engagement and participation will be ensured both through mainstreaming civil society across different actions as well as specific support measures. Such measures include strengthening citizen and CSO participation, in particular of women, youth organisations and marginalised communities to monitor the implementation of policies and action plans on the environment; to promote awareness raising on climate change, circular economy and active engagement in biodiversity; to promote innovation around climate change adaptation and to carry out independent impact assessments, strengthen research and data gathering.

### **Risk assessment and mitigation**

*Risks* include: slow implementation of climate change goals in practice (capacity, fiscal constraints, gaps in enabling/legal framework); specific interventions might face resistance from certain communities (particularly, if linked to mining); the Covid-19 crisis has disrupted the country's biodiversity protection and other services (small-scale farmers, biodiversity, tourism, bio-economy SMMs, etc.); domestic and foreign investments, necessary to develop the technology and infrastructure might be hampered by investment climate constraints.

Regarding *mitigating measures*, reinforcing even further already active policy dialogues and, where applicable, making them concrete through pilots, evidence or exchanges are important ways to minimise risks. Other measures to mitigate possible effects on EU support will be addressed during programme preparation and will include building on political and policy dialogues as well as any future programme design and their disbursement criteria. There is a higher risk on non-intervention.

#### **2.1.2. Expected results per specific objective**

For each specific objective, expected results are set out in Annex 1, Intervention Framework.

#### **2.1.3. Indicators (including baseline and targets), per expected result**

For each expected result, the main indicators are set out in Annex 1, Intervention Framework.

#### **2.1.4. Possible use of blending and guarantees for investment under EFSD+**

Part of this priority could be implemented under the EFSD+ notably through facilities to help unlock sovereign (might include SOEs), sub-sovereign and private sector investments in: (i) **green infrastructure**, sustainable energy (renewable energy, energy efficiency, green power-fuels, including green hydrogen, etc.), (ii) ecosystem based approaches, biodiversity, sustainable production, sustainable water management (including regionally), waste (5R - Regenerate, Rethink, Reuse, Reduce and Recover strategies), (iii) **smart solutions** notably for cities/districts and regions; 4IR and digitalisation related investments and infrastructure, etc.; (iv) **circular**

**green economy projects** led by municipalities, entrepreneurs (SMMEs and social entrepreneurs), CSOs or CBOs. The potential of green bonds could also be explored by South Africa. Subject to confirmation through the implementation phase, it is envisaged that an indicative amount of EUR 24 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations, including under this priority area.

## **2.2. Priority area 2: Reducing Inequalities**

### **Overall objective: to support South Africa to reduce inequalities**

Working on reducing inequalities in South Africa would provide the EU the opportunity to make a crucial contribution to one of the country's key deep-rooted challenges. EU engagement would also support reducing unemployment while meeting EU priorities and interests. The #TeamEurope4SouthAfrica: Jobs for the future South Africa would be at the core of this priority, including by creating opportunities for women, youth and disadvantaged communities. Tentatively, the TEI may mobilise up to 50% of this area envelope, around EUR 22m. The EU's indicative contribution to this TEI is subject to the confirmation of the Team Europe partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.

Supporting SDG 10 would be central in this priority area, but it will also address SDGs 3, 4, 5, and 16. Across all sectors, complementarities with relevant regional programmes, including on human, social development and education, digital, science and technology, sustainable growth and jobs amongst others will be explored.

The following indicative sectors for the EU intervention have been identified:

1. **Skills for Jobs:** Education (DAC: 110)
2. **Digital and innovative solutions for improved service delivery:** (Internal Marker: Digital governance)
3. **Socio-economic inclusion:** Government and civil society (DAC: 151)

### **2.2.1. Specific objectives related to the priority area**

#### **SO1: To promote skills for jobs and self-employment**

The EU support under this area aims to increase economic inclusion and employment by bridging the skills and needs gaps, especially in emerging sectors, such as the digital and green economy. There is a strong potential to support inclusive and equitable quality education, especially TVET ecosystems, knowledge and skills, research and innovation capacities, life-long learning and training opportunities and digital/innovative solutions - notably for youth, women and disadvantaged communities.

More specifically, EU-SA cooperation activities could entail support to: (i) Enhanced lifelong learning opportunities and **TVET ecosystems and skills for jobs**, including for the digital and green economy. Building on the EU engagement in the sector, innovative solutions to bridge the skills gap and market demands, including links with private sector will be explored; (ii) Improving access to **digitalised, accessible and inclusive quality education**; (iii) Supporting

**entrepreneurship and decent employment**, notably for **women, youth and disadvantaged communities**, thus contributing to more inclusive and sustainable recovery.

## **SO2: To improve service delivery notably through digital and innovative solutions**

The EU cooperation activities would aim to increase efficiency of public service delivery, through supporting the development of accessible digital and innovative solutions. The EU interventions will support: (i) **improving public service delivery** through e-Governance - including communities' participation; enhanced implementation capacity, Public Finance Management (PFM) systems, e-procurement and improved revenue mobilisation - notably at the municipal level. (ii) **Accountability of public service** through more active CS participation in governance, service delivery and budget process oversight through social audits and the use of digital platforms. (iii) **Citizen engagement** in public policy (planning, provision and governance), with due emphasis on rights (e.g. labour standards and rights) including by ensuring support for CS dialogues with the state authorities.

## **SO3: To improve accountability, human rights and socio-economic inclusion**

Support will aim to improve governance, including accountability, transparency, participation and non-discrimination at all levels of the government, aimed at ensuring citizens' inclusion. Activities could entail (i) support to accountability, improving integrity at public sector and the **fight against corruption**; (ii) advancement of **human rights and rights-based approaches**, with a focus on socio-economic rights, promoting the protection and the fulfilment of women's and girls' rights, and other discriminated groups (person with disabilities, LGBTQI+, migrants), including economic, labour and social rights, and sexual and reproductive health and rights and preventing sexual and gender-based violence in all forms; and (iii) **inclusive finance for the underserved portions of society**, targeting women, youth and other disadvantaged groups.

### **The role of civil society**

Civil society participation in this priority area will be ensured both, through mainstreaming civil society engagement across different actions as well as specific support measures in favour of civil society. A number of indicators have been developed across all sectors with specific focus on civil society, youth, women and disadvantaged communities. Specific actions could target the development of information-sharing mechanisms and dialogue platforms between citizens, CSOs and government.

Civil society voice in decision-making with regards to efficient service delivery and accountable and transparent government will be particularly encouraged. Actions could include support to CSOs' capacities in strengthening people's skills, including youth, to access labour market and decent jobs; in monitoring appropriateness and inclusiveness of resource allocation; in playing a watchdog role and gathering data to foster accountability and the rule of law; and in empowering women, youth and disadvantaged communities to participate in policy dialogues.

### **Risk assessment and mitigation**

*Risks* could include: In terms of service delivery, there is good ability by the Government of South Africa (GoSA) to identify challenges, but weaknesses remain in translating policy into actions, especially at local level; despite massive investments, education outcomes are relatively low. TVET/Employment: weak coordination of labour market policies; lack of access to digital

infrastructures risk increasing digital divide; relatively limited involvement of CSOs in digital solutions; fiscal constraints and growing debt, which crowds out public spending in social and service sectors.

Regarding *mitigation measures*: Reducing inequality and related measures remains at the top of Government priorities and is embedded in the country's key strategic documents, such as NDP or ERRP. All institutions affected are expected to make commitments to address audit concerns, especially at municipal level. Improving governance, skills and fighting corruption, and gender issues are embedded in EU programmes and remain priority topics in the EU-SA dialogue (public financial management, human rights and other dialogues). Other measures to mitigate possible effects on EU support will be addressed during programme preparation and will include building on political, and policy dialogues as well as any future programme design and their disbursement criteria. The mitigation could include mapping and enhancing capacity building of CSOs on digital issues.

### **2.2.2. Expected results per specific objective**

For each specific objective, expected results are set out in Annex 1, Intervention Framework.

### **2.2.3. Indicators (including baseline and targets), per expected result**

For each expected result, the main indicators are set out in Annex 1, Intervention Framework.

### **2.2.4. Possible use of blending and guarantees for investment under EFSD+**

Part of this priority could be implemented under the EFSD+ through sovereign (might include State-owned enterprises (SOEs), sub-sovereign and private sector blending and/or guarantees instruments to unlock investment: (i) to support **education systems and infrastructures**, including student accommodation; access to communication, sanitation and energy to support improved learning environments, improved electronic access to remote villages, digital infrastructure; (ii) support to **de-risking financial inclusion**, entrepreneurship, small businesses, social entrepreneurs, civil society or communities - notably for women, youth, and disadvantaged communities. (iii) de-risking or unlocking investments in the deployment of **service delivery infrastructures/digital services**. Subject to confirmation through the implementation phase, it is envisaged that an indicative amount of EUR 24 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations, including under this priority area.

## **2.3. Priority area 3: Partnerships**

**Overall Objective: to enhance EU-South Africa's strategic partnership towards sustainable development.**

The activities under this priority areas will provide a substantial EU contribution to furthering EU-SA partnerships, aimed at safeguarding global public goods and enhancing regional/global integration in line with SDG 17 'Global Partnerships' targets. There is a strong potential to leverage the EU-SA Strategic Partnership priority areas or any other priorities of mutual interest and promote SA's role regionally and globally. Opportunities for a broader European Public and Economic diplomacy and strengthening people to people bonds between the EU and South

Africa will be harnessed, aimed at further operationalising the EU- SA partnership and making it accessible and concrete for SA stakeholders and communities, including through the use of twinning and TAIEX.

In addition to the higher level dialogues between SA and EU, topical exchanges and dialogues at the technical level have taken place for several years, including through the *EU-SA Dialogue Facility*. As in the past, dialogues in the context of the MIP will be demand-based, initiated by SA and/or EU (and MS) authorities and can cover any topic of mutual interest. Potential topics could indicatively include but will not be limited to: regional integration and connectivity, including transport decarbonisation, urban mobility, road safety and rail, (regional) food security and value-chains, nutrition and vulnerability to climate change, energy, tax evasion and fraud, competition policy and strengthening the EU-SA human-centred digital partnership (creating level playing field in digital markets, secure cyberspace etc.), human and social development etc.

Leverages with relevant regional interventions, including those funded from the Regional Indicative Programme will be explored, including in such areas as human development and health, regional economic integration and cross-border strategic corridors, democracy, governance and peace, migration, culture amongst others.

The EU intervention will focus on the following indicative sectors:

1. **Foster policy and capacity development:** Government & Civil Society-general (DAC: 151)
2. **Partnering with South Africa in the region/globally:** Unallocated/unspecified (DAC: 998)
3. **People to people:** Other Social Infrastructure and Services (DAC: 160)

### 2.3.1. Specific objectives related to the priority area

#### **SO1: To foster policy and capacity development, notably through exchange of knowledge and technologies**

Based on exchange of knowledge and technologies, this could entail actions essentially related to different areas of the EU-SA Strategic Partnership; to SA strategic documents and priorities (“South Africa in the World and the Region”); to EU’s policy-driven priorities for its external cooperation (green alliances, digital partnerships, sustainable growth and jobs, migration and forced displacement, governance and human development, resilience, peace and security); to AU’s “Agenda 2063: The Africa We Want”; as well as capitalise on the African Circular Economy Alliance (ACEA) and other areas of mutual interest.

Building on the successful *EU-SA Dialogue Facility*, the activities under this areas could entail: (i) **capacity development** through **dialogue** or **exchanges**; (ii) Support for **implementation-focused pilot initiatives** to create knowledge, building on the outcome of EU-SA dialogues; (iv) Promotion of **evidence-based policymaking** (including from think thanks), enhancing policy dialogue, regulatory alignment and capacity building. It could also include regulatory convergence and capacity development work carried out by EU stakeholders in SA.

#### **SO2: To promote Partnering with South Africa in the region and globally**

Activities under this sector could entail actions, including through triangular cooperation, on (i) **regional economic integration** - building on the **EPA and the AfCFTA** - and **Connectivity**.

We will explore the potential for development of partnerships with South Africa at multilateral, continental and regional level on issues such as green, smart and sustainable connectivity and transport; building sustainable value chains, which could support human development and health, addressing sustainable raw materials value chains and its integration with EU industrial value chains amongst others (ii) **peace/security dimensions**, promoting rule of law, partnerships and alliances to eliminate all forms of violence against women and girls; peace negotiation, international crime (illicit financial flows, illicit drugs, money laundering, illegal wildlife trade, human trafficking and counter terrorism) and the complex issue of unreported and unregulated fishing; (iii) **border management, migration and remittances**. Synergies and complementarities with regional migration programme on migration observatory and labour migration (Southern Africa Migration Management (SAMM)) will be sought.

Complementarity with regional interventions, including those funded from the Regional Indicative Programme (RIP) will be ensured, including in such areas as cross-border strategic economic and transport corridors, especially its infrastructure components.

### **SO3: To intensify EU-SA people-to-people cooperation**

EU cooperation activities could entail exchanges, peer-to-peer cooperation (public, private, civil society) and promoting people to people bonds between the EU and South Africa, ERASMUS+ exchanges, twinning/TAIEX, and capacity building, cultural cooperation and activities nurturing diplomatic bonds. The aim would be to make the EU-SA partnership accessible to a multitude of stakeholders, including citizens, youth, CSOs, local authorities, and other development stakeholders.

### **The Role of Civil Society**

Civil society participation in this priority area will be ensured both through mainstreaming civil society, youth and women engagement across different actions as well as specific support measures in favour of them. Civil society will be specifically targeted as a catalyst for building partnerships and inter-cultural dialogues. It may also play a key role in activities under SO 2 in the area of peace and security, elimination of all forms of violence against women and girls and migration.

### **Risk assessment and mitigation**

*Risks.* Experience from the EU-supported *Dialogue Facility* suggests that a key difficulty has been translating policy into actions; limitations and sensitivities of international and regional agendas also present risks as does the relatively low attention to such sectors as culture.

*Mitigation measures:* EU-SA strategic partnership commitments at highest political and policy levels; other measures to mitigate possible effects on EU support will be addressed during programme preparation and will include building on political, and policy dialogues as well as any future programme design and their disbursement criteria.

### **2.3.2. Expected results per specific objective**

For each specific objective, expected results are set out in Annex 1, Intervention Framework.



### **2.3.3. Indicators (including baseline and targets), per expected result**

For each expected result, the main indicators are set out in Annex 1, Intervention Framework.

### **2.3.4. Possible use of blending and guarantees for investment under EFSD+**

Part of this priority could be implemented under the EFSD+ through sovereign (might include SOEs), sub-sovereign and private sector blending and/or guarantees instruments to unlock investment in: (i) strategic economic, transport and connectivity infrastructure corridors (namely regional envelopes); (ii) sustainable value chains, which could be related to health and human development (e.g. pharmaceutical/vaccines production). Subject to confirmation through the implementation phase, it is envisaged that an indicative amount of EUR 24 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations, including under this priority area.

## **2.4. Proposals of country/multi-country/regional Team Europe Initiatives**

EU and EU MS, their development agencies and businesses, financial institutions and the EIB, have identified two domains where an increased coordination and synergy of respective cooperation activities will potentially lead to increased impact. The two domains reflect EU and EU MS political priorities.

Tentatively, the TEIs may mobilise up to 50% of the Priority Areas, around EUR 65m. The EU's indicative contribution to these TEIs is subject to the confirmation of the Team Europe partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.

These initiatives, based on Team Europe approach, relate to:

### **2.4.1. #TeamEurope4SouthAfrica: A Just and Green Recovery**

The main objective of *A Just and Green Recovery for South Africa* is to provide a visible and significant contribution to help alleviate South Africa's pressing socio-economic challenges while enabling the country to progress towards its long-term national development objectives and goals.

The EU and its MS have experience and good practices to share with respect to environmental and climate friendly. The EU and its MS are currently active in areas relevant for the external implementation of the European Green Deal, with a solid and ongoing pipeline of interventions, lessons learnt, know-how and established or nascent partnerships. Over 2,000 European companies, the EU and EU MS business chambers would provide platforms for multi-stakeholder partnerships and different levels of interventions, critically involving private sector, in particular in sectors such as renewable energy and energy efficiency, water, resource efficient technologies, sustainable food systems, sustainable and innovative finance, digitalisation, etc.

Under the Team Europe approach, it is proposed to engage with South Africa around three pillars:

- (i) **Policy Reform** to support the country to deliver on its global commitments to sustainable development through dialogue grounded on the EU-SA Strategic Partnership and the established policy forums, as well as MS' bilateral engagement for addressing climate and environment policy issues.
- (ii) **Unlocking Green Investments:** Blending and guarantees to de-risk and unlock Green Infrastructure investments for inclusive economic recovery and greened long-term competitiveness and service delivery in a number of sectors/areas. These include: renewable energy and energy efficiency, water, waste, and 4th Industrial Revolution (4IR) digitalisation investments. This may involve large-scale public and private projects, PPPs, as well as small-scale entrepreneurs and SMMEs in partnership with EU businesses, as the transition risks are in the global economy and require rapid adaption by all players, public and private. European DFIs and European Private Sector will play a key role in this second pillar.
- (iii) **Building a Knowledge-Based Transition**, including civil society and private sector, through joint research and innovation and knowledge exchange, evidence building and piloting, experience sharing etc.

The EU intends to contribute to the TEI by supporting SMMEs towards a circular, low carbon and competitive economy; support the access to and use of as well as research and development of innovation/technologies aimed at a zero-carbon development for start-ups through innovative finance as well as support women entrepreneurs with business development services. It will further support biodiversity and wildlife assets and create jobs in the biodiversity sector and in alternative sectors in coal mining areas thereby supporting a just and inclusive transition under priority area 1.

Decent job creation and reduction of inequalities will be supported by linking industry, including European companies to TVET graduates and supporting entrepreneurship education and life-long learning and up-scaling training opportunities to bridge skills and labour market needs gap under priority area 2. Furthermore, enhancement of the SA-EU partnership through policy dialogue, capacity building as well as twinning, exchanges and research will be supported under priority area 3 to support policy reform and building a knowledge-based transition, including civil society and private sector voice.

EU MS will contribute with engagements in policy reform with relevant government departments via bilateral engagements, facilitating green investments through utility providers and through the private sector. Furthermore, MS are funding financing schemes leveraged through EDFIs and more are expected. MS are also deeply engaged in a knowledge based and just transition of the energy sector.

MS envisaging to participate in this TEI include: Austria, Belgium, Denmark, Germany, Finland, France, Italy, Netherlands, Spain and Sweden, many of which have a long tradition of engagement in this area. The initiative will further involve EDFIs and EIB, and private sector will play a key role. Participation will be through MS' own ongoing initiatives and new coordinated activities in all three pillars.

Thematic programmes and sectoral initiatives by the Commission can also potentially contribute.

#### 2.4.2. #TeamEurope4SouthAfrica: Jobs for the future South Africa

The main objective of the *Jobs for the future South Africa* is to cooperate on skills for employment, entrepreneurship and job creation, including digital, 4IR and green skills jobs to provide a visible and significant European contribution to reduce youth unemployment. *Jobs for the future South Africa* is in line with the Africa Europe Alliance for Sustainable Investment and Jobs and will contribute to SA's transformation/equality agenda, which remains pivotal to the EU-SA Strategic Partnership and the joint interest in a stable, democratic, and resilient SA. Furthermore, it will focus on a new generation of South Africans, promoting the continuation of the partnership in skills development, particularly in the digital and green economy areas, as well as expanding EU-SA trading opportunities amongst others.

The added-value of the Team Europe approach will be ensured through the following elements: (i) current cooperation in the education/TVET/skills, SMME, and labour policies sector with a solid portfolio of interventions or nascent partnerships; (ii) over 2,000 European companies are active in SA, committed to enhance and coordinate their engagement in platforms for multi-stakeholder partnerships together with EU Chamber of Commerce and the EU MS' bilateral Chambers of Commerce; (iii) well-established EU-SA policy dialogue platforms, including the Senior Officials Meetings and SA Department of Higher Education and experts' workshops, involving SA and EU MS experts; (iv) EU involvement in the sector through projects which better profile EU private sector contribution to jobs and skills creation.

Under the Team Europe approach, it is proposed to engage with South Africa around four pillars:

- (i) **Policy reforms** to support the country in bridging the gap between the supply side (i.e. education and training for employment) and the demand side (private sector development) in both formal and non-formal labour market; the demand and supply ecosystem.
- (ii) **Twinning and exchanges** (including scholarships for studies in Europe) building on existing mutual interests.
- (iii) **Job creation for TVET graduates**, focusing on entrepreneurial skills, including in the digital and green economy areas.
- (iv) **European companies' skills, training and apprenticeship programs** that harness the contributions of private sector actors to reduce youth unemployment.

The EU intends to contribute to the TEI by supporting TVET colleges, linking industry, including European companies, to TVET graduates; supporting entrepreneurship education and life-long learning and up-scaling of training opportunities to bridge the skills and labour market needs gap, thereby creating jobs and reducing inequalities (priority area 2).

SMMEs will be supported towards a circular, low carbon and competitive economy. The creation of jobs related to biodiversity and wildlife assets and in alternative sectors in coal mining areas will support a just and inclusive transition (priority area 1). Policy dialogue and reform will be supported through capacity building as well as twinning, exchanges and research (priority area 3).

EU MS will contribute with bilateral training opportunities, exchanges with European TVET schools and South Africa's universities and think tanks, in addition to the comprehensive offering of the Erasmus+ programme and other EU programmes such as Horizon Europe. Blending can be utilised in e.g. support to backbone infrastructures such as modern student accommodation, access to communication, sanitation and energy to support improved learning

environments and electronic access for remote villages, digital infrastructure, financial support to SMMEs and entrepreneurs.

MS envisaging to participate in this TEI include, but are not limited to: Austria, Belgium, Denmark, Germany, Finland, France, Ireland, Lithuania and Netherlands many of which have a long tradition of engagement in this area. The initiative will further involve EDFIs, and the private sector will play a key role. The initiative will link closely to the TEI A *Just and Green Recovery for South Africa* for which skills development and job creation will be critical.

Thematic programmes and initiatives by the Commission can also potentially contribute.

### **3. Support measures**

#### **3.1. Measures in favour of civil society**

This MIP aims at putting civil society (CS) at the centre of our collaboration. In addition to the work described in each of the three priority areas, additional measures in favour of CS would: (i) support meaningful and structured participation of CS in domestic and international development policy processes and (ii) promote gender equality and women's empowerment, youth development, and specific aspects of good governance and human rights that cannot be adequately addressed within the priority areas.

Activities will, in particular, operationalise the CS Roadmap, the Human Rights and Democracy Country Strategy and the Gender Action Plan III Country Level Implementation Plan (CLIP). Support will continue to tackle gender equality and women empowerment, the rights of Lesbian, Gay, Bisexual, Transgender/Transsexual and Intersexual (LGBTI) communities, disability, migrants' rights, and the fight against racism, xenophobia and discrimination. Attention will also be given to evolving human rights issues, in line with the EU Action Plan on Human Rights and Democracy, related to the five EU Commission priorities, such as the critical links between human rights and business, climate change and environmental degradation, and the use and misuse of new technologies. Support will also be extended to facilitate dialogue between local and national CSOs, platforms, National Human Rights Institutions and Commission instruments and mechanisms.

The EU will prioritise developing CS actors' capacity to participate in policy dialogues on the EU-SA's priorities and to raise awareness among citizens on EU-SA collaboration. Attention will be given to the capacity development of the full spectrum of CS actors, with a specific focus on youth and women-led organisations, network organisations and the media as well as on bridging the divide between local and provincial and national-level CS engagement. The EU will also identify pathways to increase its engagement with emerging youth and social movements and grassroots CSOs, which are particularly active in the area of green deals and inequalities/social justice in South Africa. The EU will also seek to establish more structured and regular dialogues with CSO in the priority areas of the MIP.

#### **3.2. Cooperation facility**

A cooperation facility shall be put in place, through a specific allocation. One of the objectives of the cooperation facility is support for the preparation, implementation and evaluation of the cooperation, specifically where resources from specific Financing Decisions will not yet be available. As typical at the start of a new programming cycle, a range of studies and formulation missions will be required to lay the ground for future actions. Ex-post evaluations after the

expiry of specific Financing Decisions may also yield interesting insights in the EU-SA collaboration over time. Given the multi-faceted nature of the EU-SA Strategic Partnership, the facility can cover other interventions, where funds are not available within ongoing projects or the above mentioned actions, including:

- Supporting studies, events, conferences, awareness-raising, training, preparation and exchange of lessons learnt and best practices, publication activities and any other administrative or technical assistance expenditure necessary for the programming and management of actions.
- Research and innovation activities and studies on relevant issues and the dissemination thereof.
- Public diplomacy initiatives and initiatives allowing to connect and leverage existing EU programmes and initiatives for public diplomacy purposes (e.g. Erasmus+, Jean Monnet Actions, Creative Europe).
- Support Team Europe coordination and increase the visibility of the Team Europe “brand” in South Africa.
- Economic Diplomacy initiatives, including support to EPA implementation, monitoring, evaluation and review at the national level, issues faced by economic operators and relevant associations, regulatory convergence, investment climate actions.
- Participation of the country in EU Programmes and cooperation with EU Agencies, where relevant. Support to triangular cooperation.
- Financing communication, including strategic communication and fight against disinformation, and visibility actions on EU cooperation, and public diplomacy interventions to promote EU policies as well as its multilateral agenda.

The support facility shall ensure that cross-cutting issues, such as gender and women’s empowerment, environment and climate change etc. are fully addressed in all these processes. In particular, the facility is expected to be used to support studies, mappings and dialogues for the implementation of the Roadmap for Engagement with Civil Society and the Gender Action Plan III, including CSO mappings and gender analysis in the priority sectors. A cooperation facility can be used in complementarity with regional programmes.

#### **4. Financial overview**

Although the duration of this MIP is seven years, the indicative allocations for South Africa and for each of the priority areas and support measures laid down in the table below are provided for the 2021-2024 period only. The indicative allocations for 2025-2027, as well as the possible modification of other substantial elements of this MIP, will be subject to a decision by the EU. This decision should be preceded by a review of the implementation of this MIP, which should include a dialogue with the authorities and other stakeholders of South Africa.

*Overall indicative amount (for first MIP period until synchronised review).*

	<b>Amount (EUR) 2021 - 2024</b>	<b>% of total</b>
Priority Area 1: Sustainable, resilient, transformative and inclusive growth	<i>51 000 000</i>	<i>40%</i>
Priority Area 2: Reducing inequalities	<i>43 000 000</i>	<i>33%</i>
Priority Area 3: Partnerships	<i>30 000 000</i>	<i>23%</i>
<i>Support measures</i>	<i>5 000 000</i>	<i>4%</i>
<b><i>TOTAL MIP for initial period<sup>11</sup></i></b>	<b><i>129 000 000</i></b>	<b><i>100%</i></b>

## **Attachments**

1. Intervention framework
2. Donor matrix

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<sup>11</sup> Subject to confirmation through the implementation phase, it is envisaged that out of the total of EUR 129 million [1st period], an indicative amount of EUR 24 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations under the three priority areas.

## Attachment 1: Intervention Framework

### Priority area 1:

**Sustainable, resilient, transformative and inclusive economic growth ( SDG 8, 9, 11, 12, 13)**

#### Specific objective 1: To promote sustainable, job-intensive and greener economic growth

Expected Results	Indicators (baseline & targets)	Baseline & targets <sup>12</sup>	Means of verification
R1.1: SMMEs are supported towards a circular, low carbon and competitive economy	1) Number of SMMEs in the field of sustainable consumption and production practices with EU support 2) Number of jobs supported by the EU, disaggregated for green jobs, age and sex <sup>13</sup>	1) Baseline: 0; target: 2000 SMMEs 2) Baseline: 0; target: at least 10000 jobs with at least 33% benefitting women and at least 33% benefitting youth	Project reports StatsSA GACERE and ACEA Reports
R1.2: Access to and use of innovation/technologies towards a goal of net zero carbon emissions by 2050 and climate resilient economy improved and strengthened	1) Amount of investment to access and use innovation leveraged through innovative finance 2) Number of start-ups and SMMEs supported to access and use innovation 3) Research and development of initiatives promoted in the application, localisation, transfer and adoption of technology within key climate-sensitive sectors	1) TBD when target areas are selected 2) Baseline: 0; target: 50 3) Baseline: 0; target: at least 3 R&D	InvestSA Reports DSI reports RSA national communications submitted to the UNFCCC
R1.3: Regulatory and administrative environment of SA is simplified for ease of doing business and conducive investment climate	1) Number of initiatives supported by the EU to enhance the investment climate and ease of doing business 2) Number of women beneficiaries of business development services who registered their own business [in the green, blue and circular sector] [GAP] 3) Status of domestic and international investment flows	1) TBD when targeted areas are selected 2) TBD when target areas are selected 3) TBD Baseline (2019, SARB): target: % annual increase	WB Ease of doing business report SA investment stats Project reports SEDA/SEFA reports

#### Specific objective 2: To enhance resilience and response capacity to Climate Change

Expected Results	Indicators	Baseline and targets	Means of verification
R. 2.1: Awareness of climate change (CC) impacts and	1) Percentage of South Africans that have heard of Climate Change/and are aware of potential	1) Baseline: 54% / 28% (Afrobarometer, 2018);	RSA national communications

capacity to respond to these impacts improved	associated threats 2) Number of individuals benefiting from CC awareness initiatives/campaigns, disaggregated by sex	target: 80% / 60%  2) Baseline: 0; target: 5 million individuals	ons submitted to the UNFCCC Afrobarometer Project reports
R. 2.2: Resilience and response capacity to CC are strengthened	1) Number of climate change adaptation and response capacity initiatives and/or tools implemented with EU support 2) Number of municipalities and their population benefiting from the increased capacity for climate change adaptation and mitigation with EU support	1) Baseline: 0; target: 10 initiatives  2) Baseline: 0; target at least 30 municipalities	SA national communications submitted to the UNFCCC Project reports
R 2.3: Management of biodiversity and wildlife assets and their contribution to the economy, rural development, job creation and social well-being enhanced	1) Area of ecosystems under sustainable management with EU support 2) Number of jobs created in biodiversity/bio-economy with EU support 3) Number of CSOs to engage on policy within the areas of biodiversity and wildlife preservation with EU support	1) Baseline: 0; target: 2,000 km <sup>2</sup> 2) Baseline: 0; target: 500 jobs 3) Baseline: 0; target: 30 CSOs	Project reports

**Specific objective 3: To support cities and hubs of green and sustainable transformation**

Expected Results	Indicators	Baseline and targets	Means of verification
R3.1: RE generation and energy-efficient models are accelerated in cities and hubs	1) Greenhouse Gas (GHG) emissions avoided (tons CO <sub>2</sub> eq)	Baseline (2017): RSA latest GHG emission level inventory: 500MtCO <sub>2</sub> ; Target: TBC based on SA NDC submission	National energy efficiency strategy 2015-2025 RSA national GHG inventory
R3.2: Water efficient and water reuse models are accelerated in cities and hubs	1) Savings generated from a) reduced water losses b) increased water efficiency and reuse with EU support	a) Baseline 0; target: Euro 20 million b) Baseline: 0; target 4 (at least 2 metros and 2 municipalities adopt global best practices for	RSA National Water and Sanitation Master Plan Project

<sup>12</sup> Unless indicated otherwise, the baseline year is 2021 and the target year is 2027

<sup>13</sup> While both the EU and Government of South Africa subscribe to the social construct of “gender” as evident from the MIP text and jointly work towards gender equality, data collected by Statistics South Africa (Stats SA) and by other relevant institutions is normally disaggregated by “sex”. These data sources will be used for monitoring and evaluation of this MIP’s actions. Therefore this logical framework refers to data disaggregated by “sex”. If, during the course of the implementation of this MIP, this data will be disaggregated by gender, it will be reflected in the monitoring of the indicators.



		water reuse and water efficiency)	reports
R3.3: Just and inclusive transition for coal mining areas is promoted	1) Number of jobs created in alternative sectors with EU support	Baseline: 0; Target: at least 2000 jobs	DMRE and Cogta reports  Project reports
<p style="text-align: center;"><b>Priority area 2:</b></p> <p style="text-align: center;"><b>Reducing Inequalities (SDG 3, 4, 5, 10, 16)</b></p> <p><b>Specific objective 1: To promote skills for jobs and self-employment</b></p>			
Expected Results	Indicators	Baseline & targets	Means of verification
R1.1: TVET ecosystems better prepared to address market demands	1) Number of TVET college students completing N6 qualification and NC(V) Level 4 annually (combined), disaggregated by sex  2) The throughput rate of TVET (NC(V))  3) Percentage of TVET college lecturing staff appropriately placed in industry or in exchange programmes  4) Extent to which appropriate policies and measures are implemented to improve the access of girls and women and vulnerable youth to STEM fields and quality digital education and training (GAP)	1) Baseline (2018, DHET): 72,358; target (2024): 90,000 students  2) Baseline (2018, DHET): 31.8%; target (2024): 45%  3) Baseline (2018): 8.8% ; target (2024): 18%  4) TBD during the upcoming Gender mapping	MTSF 2019-2024  Project reports  DHET SP 2020-2025
R. 1. 2 Access to quality and digitalised education is improved	1) Number of TVET colleges with compulsory digital skills training and/or hubs to promote entrepreneurship with EU support  2) Percentage of schools with access to functional internet connectivity for teaching and learning, connected through different options [disaggregated by school quintile]	1) Baseline: 0; target: 5 TVET colleges  2) Baseline (2018/2019; DBE): 64%; target (2025): 90%	MTSF 2019-2024  DBE SP 2020-2025
R1.3: Entrepreneurship education and life-long learning and training opportunities up-scaled	1) Number of initiatives implemented with EU support to improve women and youth' ability to benefit from employment and entrepreneurship opportunities, including social entrepreneurship [GAP]	1) Baseline: 0; target: 5 initiatives	Project reports
<p><b>Specific objective 2 To improve service delivery, notably through digital and innovative solutions</b></p>			
Expected Results	Indicators	Baseline and targets	Means of verification
R 2.1 Capacity and efficiency of public service delivery at the municipal level is enhanced through e-governance and	1) Number of municipalities adopting digital solutions with EU support  2) Number of individuals benefitting from enhanced access to digital [government/public] services,	1) Baseline: 0; Target: at least 30  2) Baseline: 0; Target: 5 million	DTSP reports  DPSA reports

digital/innovative solutions	supported by the EU, disaggregated by province and sex		Cogta reports Project reports
R2.2: Enhanced accountability of public service delivery through digital/innovative solutions	1) Number of [digitally based] social audits with EU support 2) Opportunities for the public to engage in public policy oversight, public service delivery/budget process through digital/innovative solutions, supported by EU 3) Number of EU supported initiatives aiming at reinforcing the technical capacities and digital skills of CSOs to enhance accountability at the local and national level	1) Baseline: 0; target: at least 20 audits  2) TBD, once the target areas are selected  3) Baseline: 0, target: 15 initiatives	Project reports
R2.3 Citizen participation in the planning, provision and governance of public services is enhanced, in particular and with proper consideration to women, youth and disadvantaged groups' participation	1) Government policies developed or revised with civil society organisation participation through EU support 2) Number of structured dialogues between CSO and State Authorities supported by EU	1) Baseline: 0; target: at least 2 annually 2) Baseline: 0; target: at least 1 annually dialogues	Project reports

**Specific objective 3: To improve accountability, human rights and socio-economic inclusion**

<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline and targets</b>	<b>Means of verification</b>
R3.1: Anti-corruption measures and institutions and adherence to ethics are strengthened	1) Number of anti-corruption interventions supported by the EU	1) Baseline: 0; target: 30 interventions	SA Anti-corruption strategy  Public Service Commission Reports  Ibrahim Index of African Governance (IAAG)
R3.2: Rights-based approaches are advanced and human rights strengthened	1) Number of EU programmes/initiatives with Chapter 9 institutions, supporting interventions that aim to advance human rights 2) Number of grassroots civil society organisations benefiting from /reached by EU support	1) Baseline: 0, target: at least 1 annually 2) Baseline: 0; target: 100	Project reports  UHRI [by UN]
R3.3: Improved socio-economic and financial inclusion, in	1) Number of vulnerable individuals benefitting from EU supported interventions aimed at reduction	1) Baseline: 0; target:	Project

particular for underserved portions of society	of social and economic inequality [disaggregated for sex age and previously disadvantaged people]	10 million individuals	reports
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**Priority area 3:**

**Partnerships (SDG 17)**

**Specific objective 1: To foster policy and capacity development, notably through knowledge exchange and technologies**

<b>Expected Results</b>	<b>Indicators</b>	<b>Baseline &amp; targets</b>	
R1.1: Strengthened targeted policy development capacities through experts' knowledge exchanges and dialogues	1) Number of Experts' knowledge exchanges and dialogues aimed at strengthening targeted policy development capacities	1) Baseline: 0; target: 70 dialogues	Project Reports
R1.2: Implementation-focused interventions/demonstration pilots in areas related to SA-EU common interests and/or political priorities are promoted	1) Number of pilots/projects supported	1) Baseline: 0; target: 12 pilots/projects	Project Reports
R1.3: Strengthened evidence-based policymaking, policy evaluation and regulatory alignment	1) Number of EU funded initiatives supporting the implementation of political economic and social reforms and joint agreements	1) Baseline: 0; target: 20 initiatives	Project Reports

**Specific objective 2: To promote partnering with South Africa in the region and globally**

<b>Expected Results</b>	<b>Indicators</b>	<b>Means of verification</b>	
R2.1: SA-EU knowledge, expertise and technologies are mobilised to enhance economic integration	1) Smart, digital and sustainable connectivity initiatives involving the EU, SA and other African countries 2) Value chains benefiting from EPA and AfCFTA with EU support	1) TBD when target areas are selected; 2) TBD, when target areas are selected	Project Reports
R2.2: Initiatives in support of peace and security agenda is promoted regionally and globally	1) Number of EU bilateral/multilateral/regional and/or joint activities and/or programmes on Women, Peace and Security, Gender equality and women's empowerment 2) Number of CSO which participated in such programmes (WPS 12)	1) Baseline 0; target: at least 3 activities and/or programmes 2) Baseline 0; target: at least 6 CSOs 3) Baseline 0; target: at	Project Reports

	3) Number of initiatives supporting SA's efforts on peace and security in the region	least 3	
R2.3: SA-EU knowledge, capacities or expertise for border management, migration and remittances mobilised and shared in the region or the continent	1) Number of EU-SA dialogues on migration issues 2) Number of initiatives supporting SA collaboration with neighbours and EU on border management, migration and maritime security	1) Baseline: 0; target: at least 5 dialogues 2) TBD, when target areas are selected	Project Reports
<b>Specific objective 3: To intensify EU-SA people-to-people cooperation</b>			
<b>Expected Results</b>	<b>Indicators</b>	<b>Means of verification</b>	
R3.1: Improved EU-SA cultural and diplomatic bonds	1) Number of initiatives supporting creative and cultural industries	1) Baseline: 0; target: at least 15 initiatives	Project Reports
R3.2: EU-SA exchanges on economic development enhanced	1) Number of multi-stakeholder dialogues, including interactions between SA-EU citizens, CSO, local, regional or national authorities, private sector and other development stakeholders	1) Baseline: 0; target: at least 18 dialogues	Project Reports
R3.3: EU-SA academic and youth exchanges are promoted	1) Number of participants of exchange programmes, sex and age disaggregated 2) Number of the previously disadvantaged universities and TVET colleges, benefitting from ERASMUS programme	1) Baseline: 0; target: 5000 students 2) Baseline: 0, target: 15 universities and TVETs	Project Reports

Finland		7,3		4,7		0,8	0,2	0,2	
Denmark	0,1				6,6	5,6	0,1	0,7	
Sweden	X								X
Netherlands	X			X	X	X		X	X
Belgium/Flanders						5,0			
Ireland	7	5						2	
Lithuania		2,0							
Switzerland				27	10	3	10	2	
UN system	20,0	20,0	20,0	20,0	20,0	20,0	20,0		
UK	10,0		25,0	80,0	40,0		20,0		
canada		2,0	2,0	2,0		2,0	8,0	4,0	

13,2 Regional programmes  
13,1  
0,0 Regional funds and activities  
0,0 Regional funds and activities  
5,0  
14,0  
2,0  
52,0  
140,0  
175,0  
20,0  
3000,0

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## Annex 2 Donor matrix 2021-2027 possible commitments

total

	People			Prosperity	Planet		Peace		Partnership	
Member State/ Institution	Human Rights & Gender equality	Education	Health (excl global fund)	Economic Cooperation	Green Economy/Climate Change	Environment	good governance	peace	Science & Technology	Culture
EU	22,1	41,6		28,9	39,1	32,4	25,6	3,0	20,5	8,9
France (incl AFD)	10,0			70,0	400,0	55,6	10,0		10,0	1,0
Germany			200,0		200,0		200,0			
Finland		7,3		4,7		0,8	0,2	0,2		
Denmark	0,1				6,6	5,6	0,1		0,7	
Sweden	X									X
Netherlands	X			X	X	X		X	X	X
Belgium/Flanders						5,0				
Ireland	7	5							2	
Lithuania		2,0								
Switzerland				27	10	3	10		2	
UN system	20,0	20,0	20,0	20,0	20,0	20,0	20,0			
UK	10,0		25,0	80,0	40,0		20,0			
canada		2,0	2,0	2,0		2,0	8,0	4,0		
USAID		150,0	2600,0	150,0	100,0					

222,1 Incl. EUR 10M for HR/GE and GG

556,6

600,0

13,2 Regional programmes

13,1

0,0 Regional funds and activities

0,0 Regional funds and activities

5,0

14,0

2,0

52,0

140,0

175,0

20,0

3000,0