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ANNEX

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of South Africa for 2023

Action Document for ‘Support to South Africa’s Just Energy Transition’

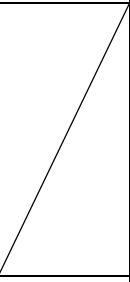
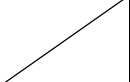
ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Support to South Africa’s Just Energy Transition OPSYS: ACT-62097 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Team Europe Initiative	This action contributes to the implementation of the identified TEIs for South Africa: ‘Just and Green Recovery’ and ‘Jobs for the Future South Africa’
3. Zone benefiting from the action	The action shall be carried out in South Africa.
4. Programming document	Multi-annual Indicative Programme 2021-2027 for South Africa
5. Link with relevant MIP(s) objectives / expected results	The proposed Action intends to contribute to priorities areas (PA) 1, 2 and 3 MIP
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	110 Education, 151 Government & Civil Society-general, 321 Industry, 430: Other multisector incl. urban/rural development, 231 Energy Policy
7. Sustainable Development Goals (SDGs)	Main SDGs (only one): SGD 7 Affordable and clean energy Other significant SDGs (up to 9): SDG 4 Quality of education, SDG 5 Gender equality, SDG 8 Decent work and economic growth, SDG 9 Industry, innovation and infrastructure, SDG 10 Reduced inequities, SDG 12 Responsible consumption and production patterns, SDG 13 Climate action
8 a) DAC code(s)	15110 Public sector policy and administrative management and 23110 Energy policy and administrative management – 15% 11110 Education policy and administrative management and 16020 Employment creation – 35% 32130 Small and medium-sized enterprises (SME) development – 50%

8 b) Main Delivery Channel	<i>European Union – 42000, Recipient Government – 12000, Central Government – 12001, Local Government – 12002, Other public entities in recipient country – 12004, Other public entities in donor country – 11004, Other public entities in recipient country – 12004, Developing country-based NGO - 23000, Private sector in recipient country – 62000</i>				
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance				
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective	
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	RIO Convention markers	Not targeted	Significant objective	Principal objective	
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Climate change mitigation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
		Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services		YES <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		
Connectivity @		<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>
digital connectivity		YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>		

	energy transport health education and research	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> 	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> 	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	<p>Budget line(s) (article, item): 14.020122</p> <p>Total estimated cost: EUR 63 000 000</p> <p>Total amount of EU budget contribution EUR 63 000 000</p> <p>Indicative contributions of EU Member States to the TEI ‘A Just and Green Recovery’ : Austria (1.69 MEUR), Germany (236.7 MEUR), Denmark (14.2 MEUR), Finland (3.7 MEUR), France (1002.25 MEUR), Belgium (11 MEUR) and possible contributions by Spain, Italy, the Netherlands, Sweden (amounts yet to be determined).</p>			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	<p>Direct management through:</p> <p>- Procurement</p> <p>Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.2 and 4.4.3.</p> <p>The contribution to the Africa Investment Platform shall be implemented in indirect management by the entities indicated in the annex to this Action Document, in accordance with the Africa Investment Platform’s award procedure.</p>			

1.2 Summary of the Action

The underlying intervention logic for this Action is to contribute to South Africa (SA)’s efforts to achieve a well-managed and sustainable just energy transition that will drive job creation and skills development, in particular for those most affected by the transition, as well as drive a sustainable economic growth, notably through the support of green economy value chains, leading to greater levels of social justice and supporting poverty alleviation.

This action is to be framed in the context of the Just Energy Transition Partnership (JETP) the EU signed with South Africa and other G7 countries at COP26.

The Action aims to do this by (i) providing direct support and capacity building to key sectors and government ministries/agencies/structures to accelerate the implementation of key structural policy and regulatory reforms for just energy transition in South Africa; (ii) support initiatives aimed at developing new skills (including soft skills) for the clean energy and energy efficiency sectors, research in green and sustainable technologies and the creation of new green value chains, as well as strengthening TVET systems, in order to match the skills of the South Africans’ workforce to economic sectors that will benefit from the country’s just energy transition, with particular focus on those most affected; (iii) addressing the financing gaps of the small, micro and medium-sized enterprises (SMMEs) business development ecosystem by setting up a Financial and Business Development Services Facility

that enables the creation, the transition, and the development of SMMEs active in green economy value chains, or willing to invest in low carbon production processes, through finance and non-finance support.

By choosing SMMEs, skills development and capacity building through technical assistance as the intersection, this Action will address the strategic objectives of the MIP 2021-2027 that relate to sustainable, resilient, transformative and inclusive growth, reducing inequalities and partnerships. The Action is also interlinked with SDGs: 4,5,7,8,9,10,12,13.

The Action will be implemented in a Team Europe approach, as the EU, its member states, the European Investment Bank (EIB) and European Development Finance Institutions (EDFIs) are committed to support South Africa in the context of the Just Energy Transition Partnership. The Team Europe Initiative (TEI) ‘Just and Green Recovery’ remains the paramount reference and the TEI ‘Jobs for the Future South Africa’ complements the first TEI via skilling the youth for jobs, including in the net-zero energy technologies value chains.

In order to tap into synergies with ongoing actions of the EU and its Member States in the context of the Team Europe approach, the action will be integrated with other actions such as GIZ’s Career Path Development for Employment (CPD4E) programme, and AFD’s revival of Eskom’s Academy of Learning. The action will also be complemented by interventions financed from regional programmes such as the upcoming North South Corridor, the TEI Investing in Young Businesses in Africa (IYBA) or TEI Opportunity driven TVET in Africa. Together, they contribute to the implementation of the Global Gateway’s key areas of partnership on Climate, Energy and Education and Research.

With its substantial contribution and interventions, the EU will be a key contributor to the JETP implementation in SA and further enhance its strategic partnership with SA.

2 RATIONALE

2.1 Context

A. Overall context

South Africa, the only country in Sub-Saharan Africa with whom the EU signed a strategic partnership, is currently facing complex political and economic challenges. Whilst South Africa is one of Africa’s largest economies, it is also the most unequal country in the world, with extreme levels of unemployment, inequality and poverty. Officially, the unemployment rate currently stands at 32,9%, though the numbers go up to over 40 % if one includes people who have given up seeking employment.¹ Youth unemployment (18–29 years old) is over 50 %, a figure that coincides almost exactly with the percentage age of eligible young voters who have dropped out of the electoral process by declining to register to vote in the past two elections, implying that there is also an emerging crisis in democratic legitimacy.²

In South Africa, the Human Development Index (HDI) is of 0.713. However, it decreases to 0.471 when accounting for inequality (IHDI), and with a high Gini index of 63. According to the IMF, income distribution remains highly skewed. The top 20% of the population holds over 68% of income, while the bottom 30% of the population holds 7% of income. Moreover, there are important disparities across regions, where provinces such as Gauteng and Western Cape doubling income per capita in rural provinces such as Limpopo or Eastern Cape.³ Moreover, over 51% of the population aged 0 to 14 years old belong to the bottom 40 % of the population.⁴ According to a World Bank report, race also continues to play a determining factor in society. When race is considered as a factor in income disparities, its contribution to income inequality amounts to 41%, while contribution of education is reduced to a 30%.⁵

¹ Statistics taken from Statistics South Africa: www.statssa.gov.za.

² Statistics taken from Statistics South Africa: www.statssa.gov.za.

³ IMF (2022) Six Charts Explaining South Africa’s Inequality. <https://www.imf.org/en/News/Articles/2020/01/29/na012820six-charts-on-south-africas-persistent-and-multi-faceted-inequality>.

⁴ World Bank (2022) Poverty and Inequality Platform. Country Profile. <https://pip.worldbank.org/country-profiles/ZAF>

⁵ World Bank (2022) Inequality in Southern Africa: An assessment of the Southern African customs union. <https://documents1.worldbank.org/curated/en/099125303072236903/pdf/P1649270c02a1f06b0a3ae02e57eadd7a82.pdf>

In addition to high unemployment, inequality and poverty rates, the after-effects of the COVID-19 pandemic, corruption and patronage networks, indecisive action on policy and a less than efficient public sector, as well as a chronic energy crisis leading to daily instances of load-shedding, have contributed to SA experiencing sluggish growth and decreasing standards of living. The country is highly vulnerable to climate shocks, but also, as one of the world's largest coal producers making South Africa the 14th largest emitter of carbon dioxide worldwide. While on paper South Africa's energy generation and transmission capability is around 50 GW, Eskom (the state owned power utility) it is rarely capable of producing more than 58% of its capacity, leading to regular power outages (load-shedding) that significantly affect the day-to-day living of each citizens and the entire economy, costing billions of rands and GDP points to the South African economy every year, further fuelling issues such as poverty, unemployment, etc.⁶

The violence perpetrated against girls, women and the LGBTIQIA+ community was declared, by President Ramaphosa, in June 2020, to constitute South Africa's second pandemic. As many as 51% of women living in South Africa have experienced violence at the hands of someone with whom they are in a relationship.⁷

In this context, in addition to South Africa having signed the Paris Agreement in 2016, the country has become one of the most prominent case-studies for how to form international partnerships and construct financial models that quickly and effectively support energy and sustainable transitions and transformation with a focus on justice and social aspects. South Africa's Just Energy Transition Partnership (JETP) was launched in the margins of COP26 in Glasgow, with the ambition to "establish an ambitious long-term partnership to support South Africa's pathway to low emissions and climate resilient development, to accelerate the just energy transition and the decarbonisation of the electricity system, and to develop new economic opportunities such as green hydrogen and electric vehicles amongst other interventions to support South Africa's shift towards a low carbon future." The EU, France, Germany, UK and USA pledged up to USD 8.5 billion (of which 1 billion from the EU/EIB) over 2023 and 2027, subject to agreement on an investment framework. This catalytic financing is expected to leverage a much greater level of resources from both private and public sources and assist and support South Africa's transition to decarbonize its economy.

B. Domestic policies

There have been a number of energy policy developments to assist South Africa with its energy transition. The National Development Plan (NDP) 2030, the draft Integrated Energy Plan (IEP), the Renewable Energy White Paper, the Nationally Determined Contribution (NDC), the Just Transition Framework (JTF), and enabling policies under development and in implementation, outline the policy foundation for energy transition in South Africa and the move away from carbon-fuelled energy. The Integrated Resource Plan (IRP) 2019 covers the government's plans for power until 2030 and outlines a decreased reliance on coal-powered energy and an increased focus on a diversified energy mix that includes renewable energy, distributed generation and battery storage.

In terms of the NDP, South Africa aims to build a developmental state and is committed to "*an environmentally sustainable and equitable transition to a low carbon economy*". JTF sets the frame for supporting the decarbonisation in a socially acceptable manner that contributes to the economic development of the country. The JTF focuses on the issues related to workers in the coal value chain and the economic development of coal dependent regions, mitigating impacts associated with fossil fuel value chains on vulnerable groups such as youth, women and people with disabilities, as well as access to modern energy services. The JTF lays out some of the key risks arising from the transition and sets key policy areas to help address them, including human resource and skills development; industrial development, economic diversification, and innovation; and social protection measures.

During COP27, South Africa presented its Just Energy Transition Investment Plan (JET IP) to guide the just and green energy transition and help decarbonize the South African economy to within the Nationally Determined Contribution (NDC) target range of 350-420 MtCO₂ by 2030. The JET-IP highlights the need for ZAR 1,48 trillion (approximately EUR 72 billion) investment in three main priority sectors: low-emission electricity (electricity currently accounts for 45 % of South Africa's greenhouse gas emissions, most of which generated from coal

⁶ Eskom communication, 2022.

⁷ CLIP South Africa

plants); (ii) the local supply chains and adequate infrastructure to support the adoption of new energy vehicles (NEVs); and (iii) green hydrogen sectors, expected to reduce GhG emissions by 10 to 15%.⁸

The just transition initiatives, particularly arising from the electricity sector transition in Mpumalanga, which accounts for approximately 83% of SA's coal production and is home to 12 out of 15 SA's coal-fired power stations, are elaborated within these sectors which are also categorised into infrastructure, planning, skills, economic diversification, social, and monitoring investments over a period of 5 years. The JET IP is not exhaustive of all transition needs in South Africa. In order to implement the priorities outlined by the JET-IP, an implementation plan is currently being formulated.

C. Political impact (incl. TEI & GG)

The Action will support the country's delivery against its Nationally Determined Contributions (NDCs) under the Paris Agreement in line with both EU strategic interests and SA's NDP as well as with the Economic Reconstruction and Recovery Plan (ERRP) and contribute to elements of Operation Vulindlela.⁹ The action will also support the implementation of the JETP with South Africa. The action builds on the EUs considerable trade and investment relation with South Africa. The Action positions the EU together with Member States and European businesses as key partners to help South Africa realising its potential in the clean energy transition and new regional and global value chains. They will therefore contribute to consolidate the positive trade, investment and sustainable development relations between South Africa and the EU and help address the most acute consequences of the transition to clean energy.

The EU, its Member States, the EIB, and EDFIs have all committed to supporting South Africa in the Just Energy Transition Partnership, thus the Action will be carried out with a Team Europe approach.

D. Political priority

This action fits the international dimension of the EU Green Deal and the Paris Agreement, and will constitute a second contribution to the EU pledge on the Just Energy Transition Partnership with South Africa. The high political significance of the JETP signed with South Africa calls for ambitious action and well-targeted support from the EU.

This Action also aligns with priorities on good governance, digital transformation and inclusion, and the strengthening of the private sector and civil society, including organisations representing women (including women's human rights organisations, youth organisations, organizations of persons with disabilities) and other minority/vulnerable groups and government and public institutions as per the European Consensus for Development.

This Action is aligned with the 2030 Agenda for Sustainable Development and will further contribute to Goals 13: Climate action, 7: Affordable and clean energy, 8: Decent Work and Economic Growth, 9: Industry, Innovation and Infrastructure, 12: Responsible consumption and production, 10: Reduced Inequalities, 5: Gender equality, 4: Quality Education.

2.2 Problem Analysis

A transition from high carbon-intense production and economic dependency on fossil fuel value chains require targeted interventions to manage and mitigate the consequences of the transition - particularly for impacted workers, communities, small businesses, exporters' exposure to carbon border adjustment measures and to the shift of global demand to greener products. A majority of these targeted interventions will require a suite of dynamic and complex interrelated activities in scope, financial structuring, evidence building, red tape reduction or regulatory reforms while ensuring unison with the JTF. The government also needs to address deep structural constraints that limit the durability of the economic recovery.

⁸ Policy Vault: South Africa's Just Energy Transition Investment Plan (JET IP) 2023-2027. Accessible from: <https://www.linkedin.com/pulse/south-africas-just-energy-transition-investment-plan->

⁹ Supporting embedded generation and the establishment of the National Water Resource Infrastructure Agency. <https://www.stateofthenation.gov.za/operation-vulindlela>

The Presidential Climate Commission¹⁰ (PCC) consultations have highlighted that capacity and implementation issues are inadequately covered by the plans. It also highlighted key constraints to a just transition such as the science of climate change, transition pathways, the challenges of mobilising and scaling up climate finance, the country's constrained fiscal realities, administrative complexity, implementation capacity, project development and packaging capability, absorption capacity of South Africa's capital and savings markets, export competitiveness as well as South Africa's present load shedding crisis.

South Africa's ambition of achieving carbon-neutrality by mid-century also requires a profound economic transformation built on significant green investments in the energy and industrial sectors, supported by a reformed business-friendly environment and a labour market that make it easier to develop business activities and create jobs, and improved governance and transparency at all levels of government. Taking Mpumalanga as an example, decommissioning of the power plants in the province will lead to significant direct and indirect job losses – in the power and mining sector in particular – in a region already affected by high unemployment, especially for youth. The province already has a soaring unemployment rate of 38%, and more than 100,000 jobs depend on coal. SA's economic recovery in 2021 has not created many jobs and latest data from Statistics South Africa showed that youth unemployment rose by 1.1% while nearly a quarter of a million young people lost their jobs in the first three months of 2023. At 32.9%, South Africa's official unemployment rate remains one of the highest in the world. Women have less access to the opportunities and development resources necessary to overcome poverty, such as land ownership¹¹, housing, financial resources, employment and education, and are more affected by climate change and food insecurity¹². Women's poverty levels are significantly higher than those of men¹³. Unemployment rate at 36, 8% for women has a direct bearing on women's poverty¹⁴. Black African women are the most vulnerable with an unemployment rate of 41%. COVID-19 crisis has increased the employment gender gap, as more jobs for women were lost, and where new jobs were created, women were less likely to benefit.¹⁵

During PCC consultations, business emphasised the importance of skills development, alignment with the JTF, combating corruption, regulatory certainty for NEVs and investing in local renewable energy manufacturing capacity. They also underlined potential job creation, recycling opportunities, and rural development through the JET-IP implementation, but stressed that this should occur in the context of long-term economic growth. Therefore, a truly Just Transition to net zero by 2050 requires a deep and comprehensive understanding of industry needs and supporting skills. Skills development needs to be linked to job opportunities offered by a green and just transition, notably in green energy technologies by investing in sustainable production / resource efficiency in local value chains or by reducing the energy demand, NEVs and services supply value chains. The rollout of renewable energy production and energy efficiency solutions can create a lot of jobs, but challenges to be addressed include mismatches in terms of necessary qualifications, education, and training of retrenched coal value chain workers. RE generation projects will provide fewer jobs than expected job losses in coal value chains and pre-existing high unemployment and inequalities, therefore calling for an economic diversification of regions that have, until now, been overly reliant on a single industry – coal and coal mining

Job opportunities need to be created through new economic activities, notably by entrepreneurs and small businesses. SMMEs are globally considered key drivers for employment creation. This has not followed suit in South Africa. Globally, over 95% of enterprises are SMMEs, which employ 60-70% of the working population. In fact, the National Development Plan of South Africa envisioned that by 2030 SMMEs will contribute 60-80% to GDP increase, and generate 90% of the 11-million new jobs in South Africa. However, with the worsening

¹⁰ The Presidential Climate Commission is an independent, multi stakeholder body established by President Cyril Ramaphosa, whose purpose is to oversee and facilitate a just and equitable transition towards a low-emissions and climate-resilient economy. Its mandate is to establish dialogue between social partners on issues relating to South Africa's just energy transition.

¹¹ Women control only 5% of the land while up to 80% of the labour is provided by women (Stats SA)

¹² Statistics South Africa, *Marginalised Groups Indicator Report, 2019*, report no. 03-19-05, Pretoria, 2020, p. 65. According to this report, 11.1% of women-led households reported hunger, compared to 9.7% of men-led households. <http://www.statssa.gov.za/publications/03-19-05/03-19-052019.pdf>.

¹³ Statistics South Africa, *Men, Women and Children: Findings of the Living Conditions Survey 2014/15*, report no. 03-10-02 (2014/15), Pretoria, 2018. <http://www.statssa.gov.za/publications/Report-03-10-02%20Report-03-10-02%202015.pdf>.

¹⁴ QLFS Q2: 2021, Unemployment for men is 32, 4% and 36% for black African men.

¹⁵ "Of those women who started out employed in February 2020, only 70% still had employment in January 2021. For men, the corresponding figure was 78%. And, of women who started out not employed pre-COVID, 19% had employment in January 2021, with the corresponding figure for men 31%. Of women who were employed pre-COVID, only 47% stayed employed across all four waves – what we might call 'stable employment'; for men, the corresponding figure was 61%. Casale, D., and Shepherd, D., *Gendered employment dynamics during the COVID-19 pandemic: Evidence from four waves of a South African longitudinal survey*, National Income Dynamics Study (NIDS) – Coronavirus Rapid Mobile Survey (CRAM), 12 May 2021.

<https://cramsury.org/wp-content/uploads/2021/05/4.-Casale-D.-.-Shepherd-D.-2021-Gendered-employment-dynamics-during-the-Covid-19-pandemic-Evidence-from-four-waves-of-a-South-African-longitudinal-survey.pdf>.

power outages and bleak socio-economic context, SMMEs cannot operate and thrive as they should. And for jobs to be green and decent, the power supply needs to be made greener. SMMEs are losing revenue and customers and much-needed jobs are not being created. SMMEs are also shutting down or have gone into “survival” mode. Load-shedding and related factors aside, SMME growth in South Africa is also hindered by limited adequate access to the necessary skills and to highly skilled graduates or experienced workers. They also have limited adequate access to finance, business development services (BDS) and critical infrastructure (for instance affordable and consistent clean energy, information, etc.) to perform and grow. One root cause of SMMEs low access to banking finance is a lack of education and understanding of bank processes and factors influencing their creditworthiness. These could include poor governance by SMMEs and lack of proper bookkeeping: SMMEs need financial literacy and basic business management skills upskilling. On the other hand, banks should find innovative ways of assessing creditworthiness for SMMEs, consider other data sources and collaborate with government agents and DFIs. While several financing intermediaries contribute to providing finance to SMMEs, risk aversion remains high, and the areas most affected by the just energy transition and the opportunities therein are currently not targeted. Moreover, many SMMEs, particularly those in the new, riskier sectors and technologies, do not have the balance sheet capacity to borrow. According to SME South Africa, only 6% of SMMEs surveyed in 2022 received government funding and only 9% sourced funding from private sources. With respect to economic opportunities, women are positioned in **low**-skilled employment sectors¹⁶ and account for only 19.4% of business owners. Women-owned SMMEs are mostly in catering, fashion designing, cooking, wedding coordinating and the beauty industry. On average women earn less than men across all educational levels¹⁷, with much of women’s work being unpaid and undervalued. Inequality is also visible in the business environment, where the glass ceiling and salary gaps are recurrent phenomena.

This Action will contribute to the above problems by (1) allowing agile planning and implementation of policy and regulatory reforms for a green transition, including by drawing on EU coal regions in transition’ experience and expertise and more generally on the EU’s experience in promoting a transition based on clean energy sources and energy efficiency, and (2) supporting the country in addressing the challenges related to mismatches in terms of necessary qualifications and skills while helping to stimulate private sector participation and investment.

Identification of **main stakeholders** and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

This list is not exhaustive but includes:

Target groups:

- Key sectors and government departments/agencies/structures that need transition-related capacity and technical assistance
- Impacted communities of the provinces which are ear-marked for de-commission of coal-power plants according to the schedule
- People, in particular women (in all their diversity), the youth, people with disabilities and those from the bottom 40% or socioeconomically disadvantaged, who need skills and re-skilling/upskilling or become entrepreneurs in the net-zero energy technologies value chains or in other new sustainable carbon neutral sectors.
- SMMEs active in the green economy value chains or looking to green their operations

Beneficiary of the action:

- South African Mpumalanga mining communities.
- Minister of Electricity, the Office of the Presidency, National Treasury, the Department of Mineral Resources and Energy (e.g. as regards the development of the Integrated Resource Plan, which crucial for JETP, but also in relation to its competencies regarding critical raw materials and Green Hydrogen); the Department of Transport (in charge of reducing the significant contribution of transport to national GHG emissions through development of a Green Transport Strategy); the Department of Fishery, Forestry and

¹⁶ Statistics South Africa, Gender Statistics, Pretoria, 2011.

¹⁷ Statistics South Africa, Inequality Trends in South Africa.

Environment (in charge of JET-IP implementation), Department of Science and Innovation (DSI - supports early stage innovators with a strong stake in the green hydrogen sector), Centre for Scientific and Industrial Research (CSIR) and South African Bureau of Standards (SABS), Department of Higher Education & Training, Department of Labour & Employment, Department of Tourism, Department of Small Business Development, Department of Trade, Industry and Competition (DTIC – industrialisation and manufacturing), Department of Water and Sanitation, social cluster ministries

- the National Energy Regulation Agency (NERSA), as well as the yet-to-be-established independent electricity network operator of South Africa.
- Department of Women, Youth and People with Disabilities and the independent Commission for Gender Equality.

Main implementation partner(s):

- The Presidency, the PMU for the JET -P, the PCC, and the JETP task force
- National Treasury, the Department of Small Business Development (DSBD – in particular the SMME Green Economy Framework policy development)
- Government-owned enterprises, EU Member states and other development finance institutions and agencies
- Department of Higher Education and Training and SETAs
- Provincial government

Other stakeholders:

- Provincial Investment Promotion and Development Agencies
- Civil society and community-based organisations, including organisations representing women and groups with specific needs: civil society/NGOs, including women’s human rights organisations, CSO working on gender equality and women’s empowerment, youth organisations, organizations of persons with disabilities), academia, scientific organisations play important roles for public awareness, dialogue, participation, monitoring and consultation. In particular, local authorities and government networks serve as catalysts for change and have the capacity to mobilise local communities due to their proximity to the population. Similarly, research can help improve the quality of evidence and assess specific needs
- Business and industry associations/bodies, namely South African Photovoltaic Industry Association (SAPVIA) and the South African Wind Energy Association (SAWEA)
- Think Tanks

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (**Impact**) of this Action is to promote a just and sustainable energy transition in South Africa.

The **Specific Objectives (SO)** of this action are to:

SO1. Improve policy and regulatory framework for a just energy transition.

SO2. Enhance the effectiveness of the TVET system in matching skills to just energy transition, with a particular focus on those most affected by the transition

SO3. Enhance the effectiveness of financing instruments for the creation, transition, upscaling and development of SMMEs active in green economy value chains or willing to invest in low carbon production processes.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives are:

- 1.1 Contributing to Outcome 1 (or Specific Objective 1): Enhanced capacity of government and government ministries and departments as well as agencies and public entities (e.g. future independent network operator) for policy development and implementation in the area of just and green energy transition as well as social protection system strengthening interventions.
- 1.2 Contributing to Outcome 1 (or Specific Objective 1): Strengthened strategic partnerships between local and international DFIs, government and government departments and ministries, provincial government, business and industry associations and bodies, think tanks.
- 2.1 Contributing to Outcome 2 (or Specific Objective 2): People, in particular women, youth, and those from the bottom 40% or socio-economically disadvantaged and people with disabilities have enhanced access to demand driven TVET and education content aligned with the just and green transition
- 2.2 Contributing to Outcome 2 (or Specific Objective 2): Strengthened human and technical capacities of TVETS and entities responsible for lifelong training programmes, public, private and civil society actors in affected mining areas to provide support to target groups
- 3.1. Contributing to Outcome 3 (or Specific Objective 3): Enhanced access to financing instruments and funding support to SMMEs and entrepreneurs for green investment, inclusive growth, innovation and decent employment, with a particular focus on the bottom 40% or socio-economically disadvantaged, black-owned, women-owned, youth and people living with disability-owned enterprises, in green circular economy and other sustainable sectors
- 3.2. Contributing to Outcome 3 (or Specific Objective 3): SMMEs and entrepreneurs (including youth and the bottom 40% or socio-economically disadvantaged,) have an increased access to Business Development and green technology, knowledge and skills development services

3.2 Indicative Activities

Activities relating to Output 1.1:

- Establish a TA Facility that will provide agile institutional support and implementation capacity of the JET IP, including the development and implementation of key policy and regulatory reforms, and the capacity development necessary to accompany the green transition

Activities relating to Output 1.2:

- Establish a TA Facility that will provide agile institutional support and implementation capacity of the JET IP, including the development and implementation of key policy and regulatory reforms, and the capacity development necessary to accompany the green transition

Activities relating to Output 2.1:

- Support initiatives such as AFD's one aimed to upscale and transform Eskom's Academy of Learning into a Centre of Excellence involved in new skills development in the energy sector, green research and the creation of new green value chains. This centre should eventually become a regional centre of excellence.

Activities relating to Output 2.2:

- Broaden and consolidate the impact of the ongoing GIZ Career Path Development for Employment (CPD4E) programme (the objective of which is to support the strengthening of the TVET system for adaption to Just Transition across South Africa) notably to:
 - o assist skilling & reskilling interventions through multi-stakeholder partnerships;
 - o enlarge the target group to include affected people, people living in vulnerable situations the surrounding communities and labour sending areas around the scheduled decommissioning and provide active support for employment especially for the youth - no one is left behind-;

- ensure that sustainable labour market intelligence systems are established and taken up by relevant governmental departments (including a Just Transition desk at the relevant qualifications authority)
- develop and/or extend new Just transition related occupational courses to additional sectors such as, e-mobility, circular economy, sustainable water/waste management, sustainable agriculture, etc.;
- enable tailored activities, especially towards NEETs, in targeted areas through more tailor-made labour market matching support, which also involves strengthening relevant local government and civil society organisations and intermediaries to provide capacity building; with gender standards and guidance including gender marker for gender mainstreaming, and monitoring.
- enable tapping into synergies with other ongoing programmes by EU Member States and their DFIs in the context of the Team Europe approach such as GIZ's JustSA and/or NL's Skills in Just Transition
- Support the strengthening of the TVET system for low- and middle-skilled workers to obtain skills related to the green sector liaising with a variety of stakeholders such as public institutions, international organizations, private TVET providers, CSOs or CBOs.

Activities relating to Output 3.1:

- Contribute to a financial and business development facility managed by a local DFI (like the Industrial Development Corporation – IDC) and/or pillar-assessed DFIs (EIB, AFD/Proparco, IFC or FMO) that unlocks SMMEs in green energy VCs' access to finance, especially for the bottom 40% or socio-economically disadvantaged. The facility will do so by providing SMMEs with business development services, working capital and loans, and by attracting funding from DFIs, commercial banks or the private sector.

Activities relating to Output 3.2:

- Support the scaling up of innovative finance mechanisms designed to address the financing gaps and challenges for SMMEs in the green energy VCs and green and circular business models.
- Provide financial, technical and policy support to initiatives that supports SMMEs investments in cleaner or alternative equipment (PV, water or waste management installations, etc.).

This action contributes to the implementation of the identified TEIs for South Africa: 'Just and Green Recovery' and 'Jobs for the Future South Africa'

The commitment of the EU's contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental Protection & Climate Change

This Action will aim to promote the concept of an inclusive green and circular economy as an alternative production and consumption model for promising economic sectors in South Africa aiming also at presenting opportunities for economic development, job creation and building new enterprises for women and youth . The action will furthermore focus on selected sectors that support the green energy transformation of the economy.

Outcomes of the Strategic Environmental Assessment (SEA) screening (relevant for budget support and strategic-level interventions)

The SEA screening concluded that key environmental and climate-related aspects need to be addressed during implementation.

Outcomes of the Environmental Impact Assessment (EIA) screening (relevant for projects and/or specific interventions within a project)

The EIA screening classified the Technical Assistance and Capacity Building components of the action as Category C (no need for further assessment).

The specific interventions to be carried in the pilot sites may be Category A (EIA will be undertaken), Category B (for which an EIA will be undertaken) or Category B (not requiring an EIA, but for which environment aspects will be addressed during design). This will be assessed and addressed during implementation.

Outcome of the Climate Risk Assessment (CRA) screening (relevant for projects and/or specific interventions within a project)

The CRA screening concluded that the Technical Assistance and Capacity Building components of the action are at no or low risk (no need for further assessment)

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the Action includes specific technical assistance and capacity building measures to ensure the interventions are inclusive and gender responsive. The action will contribute to the implementation of the Gender Action Plan III, in particular to the achievement of its thematic objective related to increasing the participation of women and girls in all their diversity in decision-making processes on environment and climate change issues and promoting economic and social rights and empowering girls and women. Sex-disaggregated data and gender-sensitive indicators will be privileged, including GAP III indicators to ensure that the contribution to the Gender Action Plan can be effectively measured.

Human Rights

This action will assist and ensure the integration and realisation of human rights throughout interventions. The Human Rights Based Approach (HRBA), will be promoted as a working methodology, ensuring all human rights, meaningful and inclusive participation, non-discrimination and equality as well as accountability and transparency. The intervention will be aligned with the EU commitment to leave no one behind, ensuring that groups with specific needs (women, persons with disabilities, among other groups) will take an active part in decision-making processes related to the Action.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the Action is considered relevant for the inclusions of persons with disabilities. The contribution to the realisation of human rights of persons living with disabilities will be monitored using disaggregated data by disability status whenever possible. Therefore, attention will be paid to ensure and enable the participation of persons with disabilities in the activities (accessibility of actions, consulting with disabilities organizations and encourage inclusive communication).

Article 4 of the Convention on the Rights of Persons with Disabilities (CRPD) requires governments to include persons with disabilities and their representative organisations in policy planning.

The Action will be in line with the EU Strategy for the Rights of Persons with Disabilities 2021-2030, and the EU Guidance Note Disability inclusion in EU external action.

Reduction of inequalities

As per the Inequality Marker, this Action Document has been labelled as an I-2 following the Inequality Marker. Whilst South Africa is one of Africa's largest economies, it is also the most unequal country in the world, with extreme levels of unemployment, inequality and poverty. The legacy of colonialism and apartheid, rooted in racial and spatial segregation, continues to reinforce inequality. Officially, the unemployment rate currently stands at 32,9%, though the numbers go up to over 40% if one includes people who have given up seeking employment. Youth unemployment (18–29 years old) is over 50%. Socio-economic rights, as guaranteed in the Constitution, remain inaccessible for the majority of women, girls, people with disabilities, gender-non-conforming people and the greater LGBTQIA+ community¹⁸. The prevalence of patriarchal cultural customs and norms means that both their right to physical integrity and their socio-economic rights are structurally violated. On average, they face

¹⁸ Lesbian, gay, bisexual, transgender, queer, intersex, asexual and others.

¹⁶ CLIP South Africa

higher levels of gender-based violence (GBV) and difficulties in accessing public services, social protection and employment. This is evident in the perpetuation of the feminisation of poverty.¹⁶

By choosing SMMEs, skills development and capacity building through technical assistance as the intersection, this Action will contribute to sustainable, resilient, transformative and inclusive growth, while simultaneously contributing to reducing inequalities, with a focus on women and youth., youth, persons with disabilities and those from the bottom 40% or socio-economically disadvantaged.

Democracy

By supporting the deployment of inclusive, gender responsive and sustainable interventions and infrastructure the action directly addresses climate change, environmental protection, governance, inequalities and democratic processes and gender equality.

Conflict sensitivity, peace and resilience

The action does not directly address situations of conflict and crisis although both the interventions may indirectly contribute to peace, resilience and conflict prevention through employment, job creation and the reduction of inequalities.

Disaster Risk Reduction

The action does not directly address situations of disaster risk reduction however the interventions may indirectly assist with the mitigation and response to the effect of climate related disasters.

Other considerations if relevant

None

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Political	Precarious macro-fiscal situation, financial and technical weakness of key State Owned Enterprises and growing debt	High	High	Risk mitigation measures include an appropriate allocation of technical assistance that can complement and transfer capacity in the institutions benefitting from the activities. Also, capacity development to address not only individuals but also institutions, and to focus on knowledge management. Further mitigation measures include working with Government of South Africa on financial stability and green financing strategies.
Socio-economic	Persistent inequality and unemployment	High	High	Risk mitigation measures include support to address the gaps in SMMEs funding and in skills development essential in a carbon-neutral economy.
Socio-economic	Difficulty to target the most vulnerable.	High	High	Risk mitigation measures include a Distributional Impact Assessment to be carried out ex-post analysing whether the poorest 40% have been targeted or reached, while also comparing with the share of beneficiaries that enjoy higher income or wealth
Lessons Learnt:				

As South Africa is committed to achieving the deliverables outlined in its NDC and other key policies, the Action is timely and relevant.

The identification of the action is a direct result of consultations and previous work with government ministries/units, MS, DFIs (local and international) and other stakeholders. The Action will also build on previous and ongoing interventions such as the “Employment Promotion through SMMEs Support Programme for the Republic of South Africa (EDSE)”, the “Bridging Inequalities through Greening of Municipal Services” programme or the TEI “Investing in Young Businesses in Africa (IYBA)”.

Previous work with local authorities in South Africa has demonstrated the need for continued strategic support. By supporting the government of South Africa in its just transition through technical assistance, providing financing solutions to SMMEs and ensuring key skills development needed for a carbon-neutral country, the action aims to mitigate risks – such as high turnaround and loss of employment and skills following the decommissioning of the coal powered plants – and maximise impacts.

3.5 The Intervention Logic

The underlying intervention logic for this action is to contribute to SA’s capacity to implement the JETP IP and promote sustainable inclusive growth through three interlinked and mutually reinforcing pillars:

1. In order to improve policy and regulatory framework for just energy transition (**SO1**), there is a need to support a TA Facility that will enhance capacity of government and government ministries and departments for policy development and implementation in the area of just energy transition (output 1.1) and strengthen strategic partnerships between local and international DFIs, government and government departments and ministries, provincial government, business and industry associations and bodies, think tanks (output 1.2).

The TA facility will be responsive and flexible to the rapidly evolving context, the dynamic evolutions of norms, standards, and frameworks for net-zero technologies. Furthermore, the TA facility will support the development of other strategic areas of mutual interest and cater for other TA demands related to the implementation of the EU-SA trade partnership. The Facility will build on initiatives implemented in a Team Europe approach.

2. In order to enhance effectiveness of the TVET system in matching skills to just energy transition with particular focus on those most affected by the transition (**SO2**), then there is a need to support initiatives such as AFD’s one aimed to upscale and transform Eskom’s Academy of Learning into a Centre of Excellence involved in new skills development in the energy sector, green research and the creation of new green value chains (output 2.1) and broaden and consolidate the impact of the ongoing initiatives such as the GIZ Career Path Development for Employment (CPD4E) programme (the objective of which is to support the strengthening of the TVET system for adaption to Just Transition across South Africa) (output 2.2). Under this pillar, the challenges related to skills mismatches will be addressed by supporting educational institutions for skills development, ensuring that affected communities, and more particularly youth, women and people with disabilities, are able to face the transition at a minimum cost while benefitting from a more climate-resilient economy. On top of cross-national activities, the action will support activities tailored towards those directly and indirectly affected by the decommissioning of coal plants for them to become employed or become entrepreneurs in the green energy value chains or new sustainable carbon neutral sectors. Thus, skills for the affected communities largely in the province of Mpumalanga will be prioritised and linked to job opportunities offered by a green transition, notably in green economy supply and value chains. The Action envisages room for scalability of the skills development interventions to other provinces such as the Northern Cape, Limpopo, and the North West which will be directly impacted by the just energy transition. To avoid duplication while seeking synergies and complementarity, the action will achieve this by supporting and broadening existing programmes by the EU and its Member States in the context of the Team Europe approach.
3. In order to enhance effectiveness of financing instruments for the creation, transition, and development of SMMEs active in green economy value chains or willing to invest in low carbon production processes (**SO3**), there is a need to address the financial and non-financial gaps of the SMME business development ecosystem. This action attempts to do so by setting up and contributing to a Financial and Business

Development Services Facility that, through targeted support to SMMEs, will enable the creation, the transition, and the development of SMMEs active in green economy value chains, or willing to invest in low carbon production processes (output 3.1 and 3.2.).

In particular, the SMMEs Facility – funded by the EC through a EU pillar assessed financial institution and set up by one or more DFIs – aims to pool public and private resources with the purpose of providing financial and non-financial support (i.e., business development services (BDS), support services, lower priced debt financing, equity, venture capital or microfinance), and mitigating commercial risks of non-commercially bankable SMMEs, notably start-ups, active in the green economy value chains or looking to greener their operations. A special focus will be given to businesses owned by women, youth, persons with disabilities, the bottom 40% and socio-economically disadvantaged.

This pillar, by facilitating investments in and by SMMEs, will also contribute to (new) jobs creation. Moreover, it is complementary with the interventions under pillar 1 and 2, since SMMEs and entrepreneurs will directly benefit from the reforms and reduced red tape (SO1) and the skills developed (SO2).

In other words, if (1) capacity issues within key sectors and ministries to develop and implement key regulatory and policy reforms are resolved; (2) retrenched workers directly and indirectly affected by the decommissioning of coal power plants are re-/up-skilled and (3) SMMEs in the green economy value chains gain access to finance, business development services as well as to persons with the right skill sets, then the Action will contribute to South Africa's efforts to tackle the energy crisis, inequality, and job losses during the energy transition, thereby contributing to the goals of inclusive and sustainable growth, decent work for all, social inclusion, and the eradication of poverty.

The Action will draw experience from territorial just transition activities in Europe where some MS have already gone through a transition away from coal.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	South Africa's just sustainable energy transition is promoted.	1. Annual Growth rate of GDP 2. Unemployment rate (disaggregated by sex age and disability status) (SDG 8.5.2) 3. Percentage contribution of SMME in GDP (disaggregated by age, sex, race, and disability status) 4. Coal contribution to electricity 85 %) 5. Human Development Index 6. Inequality adjusted Human Development Index 7. Gini Index and/or Palma Ratio	1) 0.4% (first quarter of 2023.) 2) 32,9% (first quarter of 2023), 46% of women 30% of youth. 3) 35% (MTSF 2024). 4) HDI: 0.713 5) IHDI: 0.471 6) Gini Index: 63	1. TBD in the inception phase 2. TBD in the inception phase 3. . TBD in the inception phase 4. TBD in the inception phase	1. Economic and financial statistics from South African Reserve Bank. 2. Quarterly Labour force survey documents from STASSA. 3. Evaluation reports from the Department of Planning, Monitoring & Evaluation 4. International Trade Administration – South Africa	<i>Not applicable</i>
Outcome 1	Improved policy and regulatory framework for just energy transition.	1.1 Number of interlinked policies and regulatory frameworks developed that results into systems and structures that integrate just and green energy transition strategies as well as social protection measures across key government departments and three spheres of government.	1.1 TBD in the inception phase	1.1 TBD in the inception phase	1.1 Progress reports from Presidency: PMU for the JET-P and PCC and JET-P task force.	x
Outcome 2	Enhanced effectiveness of the TVET system in matching skills to just energy transition with particular focus on those most affected by the transition	2.1 Number of skills and reskilling courses/ programmes developed jointly with GIZ and Department of Higher Education and Learning channelled through TVET colleges CBOs and/or CSOs. 2.2 Number of individuals trained by type of training, age, sex, disability, race, area of residence, income level	2.1 0 2.2 TBD in the inception phase	2.1 TBD in the inception phase	2.1 Progress reports from AfD & Eskom's Academy of Learning. 2.2 Progress reports from GIZ Career Path Development for Employment (CPD4E) programme.	

Outcome 3	Enhance effectiveness of financing instruments for creation, transition, and development of SMMEs active in green economy value chains or willing to invest in low carbon production processes.	<p>3.1 Number of SMMEs applying sustainable consumption and production practices with EU support (GERF 2.6)*</p> <p>3.2 Number of (a) jobs supported/sustained by the EU (GERF 2.13a)*</p> <p>3.3 Number of (b) green jobs supported/sustained by the EU (GERF 2.13b)*</p> <p>3.4 Number of beneficiaries with access to financial services with EU support: (a) firms (GERF 2.17a)</p>	<p>3.1) 0;</p> <p>3.2) 0;</p> <p>3.3) 0</p> <p>3.4 0</p>	<p>3.1 TBD in the inception phase</p> <p>3.2 10000 jobs</p> <p>33% women</p> <p>33% youth</p> <p>3.3 TBD in the inception phase</p> <p>3.4 TBD in the inception phase</p>	<p>3.1 IDC's annual report which includes audited figures.</p> <p>3.2 IDC's annual report which includes audited figures.</p> <p>3.3 IDC's annual report which includes audited figures.</p> <p>3.4 IDC's annual report which includes audited figures.</p>	
Output 1 relating to Outcome 1	1.1 Enhanced capacity of government and government ministries and departments for policy development and implementation in the area of just and green energy transition as well as social protection system strengthening interventions.	<p>1.1.1. Number of key national, provincial, and local government departments capacitated to develop and implement appropriate policies and regulatory reforms and strategies required for just transition.</p> <p>1.1.2. Number of key non state actors representative trained by the EU-funded intervention with increased knowledge and/or skills for developing and implementing policies and regulatory reforms and strategies required for just transition, disaggregated by sex, age, disability, race, area of residence, income level</p>	<p>1.1.1 0</p> <p>1.1.2 0</p>	<p>1.1.1 TBD in the inception phase</p> <p>1.1.2 TBD in the inception phase</p>	<p>1.1.1 Pre- and post-training test reports</p> <p>1.1.2 Pre- and post-training test reports</p>	
Output 2 relating to Outcome 1	1.2 Strengthened strategic partnerships between local and international DFIs, government and government departments and ministries, provincial government, business and industry associations and bodies, think tanks.	1.2.1 Partnerships with government department, ministries, local and international DFIs, businesses and associations formed with support of the EU-funded intervention where the scope of support has expanded to include just transition.	1.2.1 0	1.2.1 TBD in the inception phase	1.2.1 Programme implementation reports	
Output 1 relating to Outcome 2	2.1 People, in particular women, youth, and those from the bottom 40% or socio-economically disadvantaged and people with disabilities have enhanced access to	2.1.1. Number of representatives of training providers trained by the EU-funded intervention with increased knowledge and/or skills in	2.1.1. TBD in the inception phase	2.1.1 TBD in the	2.1.1 Pre- and post-training test reports	

	demand driven TVET and education content aligned with the just and green transition	implementation of training measures in the area of the decarbonised economy, disaggregated by sex, age, disability, race, area of residence, income level		inception phase		
Output 2 relating to Outcome 2	2.2 Strengthened human and technical capacities of TVETS, public, private and civil society actors in affected mining areas to provide support to target groups	<p>2.2.1 Number of TVET colleges capacitated to promote green skills with EU support</p> <p>2.2.2 Number of TVET college students completing N6 qualification and NC(V) Level 4 annually (combined), disaggregated by sex, age, disability, race, area of residence, income level</p> <p>2.2.3 The throughput rate of TVET (NC(V))</p> <p>2.2.4 Percentage of TVET college lecturing staff placed in industry or in exchange programmes with support of the EU-funded intervention, disaggregated by sex, age, disability, race, area of residence, income level</p>	<p>2.2.1 TBD in the inception phase</p> <p>2.2.2 (2018, DHET): 72,358; target (2024): 90,000 students</p> <p>2.2.3 (2018, DHET): 72,358; target (2024): 90,000 students</p> <p>2.2.4 (2018, DHET): 31.8%; target (2024): 45%</p>	<p>2.2.1 TBD in the inception phase</p> <p>2.2.2 TBD in the inception phase</p> <p>2.2.3 TBD in the inception phase</p> <p>2.2.4 TBD in the inception phase</p>	<p>2.2.1 MTSF 2019- 2024 Programme implementation reports.</p> <p>2.2.2 MTSF 2019- 2024 Programme implementation reports.</p> <p>2.2.3 DHET SP 2020-2025</p> <p>2.2.4 DHET SP 2020-2025</p>	
Output 1 relating to Outcome 3	3.1 Enhanced access to financing instruments and funding support to SMMEs and entrepreneurs for green investment, inclusive growth, innovation and decent employment, with a particular focus on the bottom 40% or socio-economically disadvantaged, black-owned, women-owned, youth and people living with disability-owned enterprises, in green circular economy and other sustainable sectors	<p>3.1.1. Number of innovative funding instruments developed with support of the EU-funded intervention to support SMMEs that foster investment, growth , export and diversification within the green economy and new value chains including partial credit guarantees , debt , quasi equity , equity, and blended finance instruments.</p> <p>3.1.2 % of women and men that have and use an account at a bank or other financial institution or with mobile-money-service provider, disaggregated at least by sex, age, disability, race, area of residence, income level (GAP III indicator).</p>	<p>3.1.1. 0</p> <p>3.1.2 0</p>	<p>3.1.1 TBD</p> <p>3.1.2 TBD</p>	<p>3.1.1 Progress reports for the EU-funded intervention</p> <p>3.1.2 Progress reports for the EU-funded intervention</p>	
Output 2 relating to Outcome 3	3.2 SMMEs and entrepreneurs (including youth and the bottom 40% or socio-economically disadvantaged,) have an increased access to Business Development	3.2.1 Number of new businesses created with support of the EU-funded intervention (disaggregated by targeted sectors and by sex, age, disability,	<p>3.2.1 TBD in the inception phase</p> <p>3.2.2 Black-owned businesses and</p>	3.2.1 TBD in the	3.2.1 Progress reports for the EU-funded intervention	

	and green technology, knowledge and skills development services	<p>race, area of residence, income level of the business owner: targeting from 10% of businesses led by women and increasing overall ratio of businesses led by women) (estimated 450 a year)</p> <p>3.2.2 Number of businesses retained with support of the EU-funded intervention (disaggregated by targeted sectors and by sex, age, disability, race, area of residence, income level : targeting from 10% of businesses led by women and increasing overall ratio of businesses led by women) (estimated 450 a year)</p> <p>3.2.3. Amount disbursed to enterprises through wholesale and direct lending channels, disaggregated by owner: black, women, youth, disability status</p> <p>3.2.4. Amount disbursed to individuals from the bottom 40 per cent or socioeconomically disadvantaged.</p>	<p>businesses with broad-based ownership: R6.5 billion (IDC – 2022 AFS)</p> <p>3.2.3. Women entrepreneurs : R1.1billion (IDC– 2022 AFS), Youth entrepreneurs: R0.4 billion (IDC- 2022 AFS).</p> <p>3.2.4 TBD in the inception phase</p>	<p>inception phase</p> <p>3.2.2 TBD in the inception phase</p> <p>3.2.3 TBD in the inception phase</p>	<p>3.2.2 Progress reports for the EU-funded intervention</p> <p>3.2.3 Progress reports for the EU-funded intervention</p>	
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4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is **96 months** from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer in duly justified cases.

4.3 Implementation of the Budget Support Component [For Budget Support only]

n.a.

4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.¹⁹.

4.4.1 Direct Management (Procurement)

Services will be procured for the Technical Assistance Facility. This will directly support the following result areas:

- 1.1 Increased number of key government sectors and other sectors capacitated in order to develop and implemented necessary policy and regulatory reforms required for just transition
- 1.2 Increase in new and deepened strategic partnerships with identified relevant institutions.

The facility will indirectly support the other objectives of the action.

4.4.2 Indirect Management with an entrusted entity

A part of this action will be implemented in indirect management with entrusted entity. This implementation entails managing the technical and financial aspects of all project components, including administrative tasks, with the exception of evaluation and audit.

This implementation entails the activities foreseen under **SO2: Enhance effectiveness of the TVET system in matching skills to just energy transition with particular focus on those most affected by the transition**. In particular, **Output 2.1:** People, in particular women, youth, and those from the bottom 40% or socio-economically disadvantaged and people with disabilities have enhanced access to demand driven TVET and education content aligned with the just and green transition.

The envisaged entity has been selected using the following criteria

- Presence and operating in South Africa
- Previous experience in the sector in the country
- Currently implementing activities in the just energy transition that contributes to Objectives to the action

¹⁹ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

- Have expertise on applied research on inequalities and skills development in South Africa
- Demonstrates sufficient operational capacity, operational, logistical, management, financial and good governance capacities

The activities could also contribute to outputs 3.2 “SMMEs and entrepreneurs (including youth and the bottom 40% or socio-economically disadvantaged,) have an increased access to Business Development and green technology, knowledge and skills development services”.

4.4.3 Indirect Management with an entrusted entity

A part of this action will be implemented in indirect management with entrusted entity. This implementation entails managing the technical and financial aspects of all project components, including administrative tasks, with the exception of evaluation and audit.

This implementation entails the activities foreseen under **SO2: Enhance effectiveness of the TVET system in matching skills to just energy transition with particular focus on those most affected by the transition**. In particular, **Output 2.2:** Strengthened human and technical capacities of TVETS, public, private and civil society actors in affected mining areas to provide support to target groups.

The envisaged entity has been selected using the following criteria:

- Presence and operating in South Africa,
- Currently implementing activities in the just energy transition that contributes to Objectives to the action
- Demonstrates sufficient operational capacity, operational, logistical, management, financial and good governance capacities
- Previous experience in the sector in the country
- Currently implementing activities in the sector of strengthening TVET systems in South Africa to adapt to the green economy

The activities could also contribute to outputs 3.2 “SMMEs and entrepreneurs (including youth and the bottom 40% or socio-economically disadvantaged,) have an increased access to Business Development and green technology, knowledge and skills development services”.

4.4.4 Contribution to Africa Investment Platform (SO3)

This contribution may be implemented under indirect management with the entities, called Lead Finance Institutions, identified in the appendix to this Action Document which will be selected by the Commission’s services using the following criteria: (a) experience in providing access to finance to SMMEs through innovative and sustainable finance mechanisms in different countries in Africa and globally; (b) ability and/or experience to mobilise European experiences in green economy value chains; (c) presence in South Africa; (d) ability or experience to pool public and private resources for the financing of business development services, debt financing, private equity and venture capital funds and microfinance institutions, with the purpose of providing financing to SMMEs in the green economy value chain; (e) demonstrate alignment to sustainable finance principles.

4.4.5 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

Should the indirect management modality described in **section 4.4.2** prove impossible for reasons outside of the Commission’s control, then Part of the Action supporting Specific Objectives 2 would be implemented under direct management as follows:

Grants (direct management)

- a) Purpose of the grant(s)

The grants will contribute to the implementation of OS 2.1 Action –People, in particular women, youth, and those from the bottom 40% or socio-economically disadvantaged and people with disabilities have enhanced access to demand driven TVET and education content aligned with the just and green transition – with a focus on ensuring enhanced effectiveness of the TVET system in matching skills to just energy transition with particular focus on those most affected by the transition.

b) Type of applicants targeted

NGOs, Development Partners, learning institutions, Private Companies, Individuals and others.

The call for proposals will mainly target organizations and companies that specialize in training and human capital development for both management and technical skills through provision of short term trainings, capacity building, tailor-made training courses and consultancy services to Governments, NGOs, Development Partners, Private Companies, Individuals and others.

Should the indirect management modality described in **section 4.4.3** prove impossible for reasons outside of the Commission’s control, then the Action would be implemented under direct management as follows:

Procurement (direct management)

4.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realization of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Implementation modalities – cf. section 4.4	
SO1 Improve policy and regulatory framework for just energy transition - composed of	10 000 000
Procurement (direct management) – cf. section 4.4.1	10 000 000
SO2 Enhance effectiveness of the TVET system in matching skills to just energy transition - composed of	20 000 000
Indirect management with entrusted entities - cf. section 4.4.2	15 000 000
Indirect management with entrusted entities - cf. section 4.4.3	5 000 000
SO3 Enhance effectiveness of financing instruments for creation, transition, and development of SMMEs - composed of	32 000 000
Indirect management with Lead Finance Institutions identified in the appendix to this Action Document - cf. section 4.4.4	32 000 000
Procurement – total envelope under section 4.4.1	10 000 000
Evaluation – cf. section 5.2	200 000
Audit – cf. section 5.3	0
Contingencies	800 000
Totals	63 000 000

4.7 Organisational Set-up and Responsibilities

The EU Delegation and the lead department of government will set up a Project Steering Committee (PSC) and act as Co-Chairs. This PSC will provide strategic and policy guidance on project implementation, review and endorse annual work plans, monitor project outputs and achievements, address obstacles and challenges identified in the project implementation. It will include representatives from relevant national or sub-national government departments, institutions and agencies such as National Treasury, Minister of Electricity, the Office of the Presidency, the Department of Mineral Resources and Energy, Department of Higher Education & Training, Department of Labour & Employment, the JETP PMU. Representatives of research institutions and experts as well as relevant national or international organisations may be invited to PSC meetings as necessary. The PSC will hold regular bi-annual meetings, plus ad-hoc meetings should the need arise.

Technical/administrative committees might be created. They will be composed of, at least, a government representative, of the implementing entities (with their national counterparts), of the technical support team. EU Delegation will be invited to attend as observer.

A support team will be appointed following the selection of a service provider (international tender). This team will assist the governing bodies, including acting as secretariat.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list. Indicators shall also be disaggregated at least by sex, age, disability, race, area of residence and income level. All monitoring and reporting shall assess how the action is taking into account the human rights based approach and gender equality.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

Baseline assessments, monitoring data and evaluation will be undertaken systematically during the project and at each level of intervention and will inform the approval of further activities by the Steering Committee. In addition, a Distributional Impact Assessment will be carried out ex-post analysing whether the poorest 40% have been targeted or reached, while also comparing with the share of beneficiaries that enjoy higher income or wealth. The log frame will be updated by the support team following the inception period. The support team, in close cooperation with the implementing partner, will assess the need and undertake specific surveys/studies for baselines/targets. An end-line study must be conducted if a baseline study is undertaken.

The entities providing the services/technical assistance will each be required to report on their logframe matrix and implement a monitoring plan to ensure planned activities are on track in relation to all areas of implementation, including capacity building/training, policy dialogue etc.

The contractors/implementing partners will be required to establish baselines and targets at the start of the project, to measure achievement on the indicators and targets. If necessary, the contractors/implementing partners will also undertake data collection and survey.

All activities will be closely monitored and evaluated to assess outputs, outcomes and possible up-scaling to other provinces.

5.2 Evaluation

Having regard to the nature of the action, a mid-term evaluation may be carried out for this action or its components via independent consultants contracted by the Commission. In addition, a Distributional Impact Assessment will be carried out ex-post analysing whether the poorest 40% have been targeted or reached, while also comparing with the share of beneficiaries that enjoy higher income or wealth.

All evaluations shall assess to what extent the action is considering the human rights-based approach as well as how it contributes to gender equality and women's empowerment. Expertise on human rights and gender equality will be ensured in the evaluation teams.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that it is an innovative action or a pilot being tested.

The Commission shall inform the implementing partner at least 1 month in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the

evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts through the Cooperation Facility.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
	Contract level	
	<input checked="" type="checkbox"/>	Technical Assistance Contract
	<input checked="" type="checkbox"/>	Indirect Management with entrusted entities
	<input checked="" type="checkbox"/>	Indirect Management with Lead Finance Institutions

Appendix 2 LIST OF LEAD FINANCE INSTITUTIONS

Name	
Agence Française de Development	AFD
Proparco	Proparco
European Investment Bank	EIB
Financierings-Maatschappij voor Ontwikkelingslanden N.V.	FMO
Kreditanstalt für Wiederaufbau	KfW Development Bank
Deutsche Investitions- und Entwicklungsgesellschaft	DEG
World Bank Group	WBG
International Finance Corporation	IFC
Industrial Development Corporation	IDC
African Development Bank	AfDB
Development Bank of Southern Africa	DBSA