



This action is funded by the European Union

**ANNEX 1**

of the Commission Implementing Decision on the Annual Action Programme in favour of the Republic of South Africa to be financed from the general budget of the European Union

**Action Document for the Capacity Building Programme for Employment Promotion for the Republic of South Africa**

<b>1. Title/basic act/ CRIS number</b>	Capacity Building Programme for Employment Promotion for the Republic of South Africa - CRIS number: DCI-AFS/038-538 financed under Development Cooperation Instrument (DCI)			
<b>2. Zone benefiting from the action/location</b>	Southern Africa, Republic of South Africa The action shall be carried out at the following location: Republic of South Africa			
<b>3. Programming document</b>	Multi-annual Indicative Programme (MIP) between the Republic of south Africa and the European Union for the period 2014-2020			
<b>4. Sector of concentration/ thematic area</b>	Sector 1: Employment creation / Skills development, placement assistance and capacity building			
<b>5. Amounts concerned</b>	Total estimated cost: EUR 6 500 000 Total amount of EU budget contribution EUR 6 500 000			
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Direct management Procurement of services			
<b>7. DAC code(s)</b>	16020 – Employment policy and administrative management			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and</b>	N.A.			

## **SUMMARY**

The proposed Action will assist the Government of South Africa in reducing unemployment through support towards institutional development.

To this purpose, the programme will provide institutional strengthening/capacity development assistance (in the form of technical assistance and the organisation of conferences, seminars, workshops and study tours) to identified relevant South African Departments, addressing key areas relevant for employment promotion in South Africa.

These key areas of support are:

- (i) Active labour market policy interventions for the unemployed (especially, for women and the youth) focused on work-seeker support, the transition from school to work, (public) occupational advisory services and (public) job placement services. Activities associated to the promotion of green jobs, will also be envisaged;
- (ii) Analysis, monitoring and advice on small enterprise promotion, informal sector development (including cultural and creative sectors), labour market trends (supply, demand and shortages) and wage determination (tripartite social partnership);
- (iii) Activities pursuing further education and skills development systems organisation to increase employability of the unemployed, including financing and quality enhancement aspects.

It is proposed to anchor this programme within the Government Technical Advisory Centre (GTAC), which is an agency of National Treasury in South Africa. This entity provides government departments and agencies with support and advice to improve the value of public spending. The head of GTAC is accountable for the entity's operations and reports to the Minister of Finance.

The GTAC will take the lead, on the basis of consultations with the relevant employment-related Departments in South Africa and the EU Delegation to South Africa, in identifying the specific activities to be funded under this programme.

The main responsibility for the implementation of this programme will sit within the GTAC team and three Committees: (i) Programme Advisory Committee (PAC); (ii) Project Selection and Allocation Committee (PSAC); and (iii) Programme Steering Committee (PSC). The PSAC will be chaired by GTAC with full membership status for the EU Delegation (including for project approval); the PAC and the PSC will be co-chaired by representatives from GTAC and the EU Delegation.

A small team of long-term experts (support team), provided by the services provider selected through an international tender, will assist GTAC and the EU Delegation during the implementation of this programme.

This project-based action will be implemented through direct management with procurement of services. A financing agreement will be signed with the South African Government.

## **1 CONTEXT**

### **1.1 Sector/Country/Regional context/Thematic area**

Employment is one of the three priority areas chosen by the Government from among thirteen areas in their National Development Plan (NDP).

The main elements of the challenges in this domain have been eloquently described in the 2011 Diagnostic Report of the National Planning Commission in preparation of the NDP<sup>1</sup>: "South Africa has extremely high rates of unemployment and underemployment deriving to a great extent from unoccupied out-of-school youth and adults. The inactivity of broad sections of society reduces South Africa's potential for economic expansion. For growth to be inclusive it must necessarily involve a broader section of working age people. Another reported challenge, mostly affecting young black women living outside of urban areas, is represented by discouraged workers, i.e. those not anymore actively seeking employment. Unemployment was allowed to grow over many years, after many years of economic stagnation and "separate development" policies. Over 25 years, there has been no net job creation for a growing African population and thus unemployment peaked in 2001 at 31%. Ultimately positive and sustained growth between 1997 and 2008 did make inroads into unemployment, falling to 23%. The global economic downturn now poses uncertain challenges towards efforts to further reduce unemployment."

The key issue is that although unemployment rates have changed over time, they are now hovering around 25%, and are as high as 50% for youth (15-24 years), making it difficult to address poverty and inequality.<sup>2</sup> The issue of youth unemployment represents a considerable potential threat to the stability of South Africa. There is also a clear mismatch between high demand of skilled/experienced labour and oversupply of unskilled workers, as stated by the Department of Labour (DoL). More than 90% of the unemployed do not have tertiary education and almost 60% have not completed secondary education.

### **1.1.1 Public Policy Assessment and EU Policy Framework**

The Government's *policy commitments* are set out in a series of documents, most noticeably the NDP, the New Growth Path, and the Delivery Agreements under the Government's Outcome approach<sup>3</sup> (especially, Outcome 4 and 5), and the Medium Terms Strategic Framework. In addition, the Industrial Policy Action Plan 2 (IPAP 2), the Social Accords,<sup>4</sup> the National Skills Development Strategy (currently NSDS III), and the National Youth Policy and Integrated Youth Development Strategy for South Africa provide policy orientations. With the objective of reducing unemployment from around 25% (2013) to 14% (2020), key features of these policy documents are: (i) reducing the infrastructure constraints on business, such as energy and transport; (ii) offering tax incentives for employment, in particular unemployed youth; (iii) labour market reforms related to probationary periods, dismissal for non-performance or misconduct, and better dispute resolution mechanisms; (iv) harmonising approaches to encouraging local procurement; (v) developing and designing a suite of existing support mechanisms, including fine-tuning the Manufacturing Competitiveness Enhancement Programme (MCEP), and designing further sector-specific incentives for strategic sectors (in particular Green Industries, Farming and rural agro-processing and the Metals); (vi) strengthening demand-side skills planning through the development of customised artisan programmes in support of priority IPAP<sup>5</sup> sectors; and (vii) supporting Industrial National Centres of Excellence to integrate sector competitiveness and addressing skills needs.

In the area of *developing a skilled labour force*, the Delivery Agreement for Outcome 5 (a skilled and capable workforce) focuses on skills planning, access to intermediate level learning programmes,

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<sup>1</sup> Diagnostic Report, National Planning Commission, Department: the Presidency, Republic of South Africa, June 2011, page 9.

<sup>2</sup> These and other references are taken from the Quarterly Labour Force Survey.

<sup>3</sup> The Outcomes approach was adopted by government as a planning tool to track progress in the delivery of government programmes. Twelve Outcomes were agreed by the Cabinet in 2010, including Outcome 4 (Employment) and Outcome 5 (Skills).

<sup>4</sup> There are six "accords", including Accord 1(National Skills Accord) and Accord 6 (Youth Employment Accord).

<sup>5</sup> Industrial Policy Action Plan.

particularly occupationally-directed programmes such as those for artisan training, access to high level learning programmes including those for professionals such as teachers, and research, development and innovation.

If we look at specific programmes designed to address unemployment, the main are the following: (i) The *Expanded Public Works Programme*, which aims to create 1.08 million (435,000 full-time equivalent) work opportunities and training for unskilled, marginalised, and unemployed in 2014-15, had a total yearly budget of ZAR 1.95 billion in 2013-14 rising to ZAR 2.40 billion in 2016-17; (ii) the *Community Works Programme*, which provides work opportunities for around 172,000 people and contributes to developing public assets in poor communities had a yearly budget of ZAR 1.73 billion in 2013-14 rising to ZAR 3.71 billion in 2016-17. It is the Government's intention that this programme should expand from covering 140 to 234 municipalities by 2016-17. (iii) The *Employment Creation Facilitation Fund* (which includes the Jobs Fund) is run by the National Treasury with a budget of R0.95 billion rising to R1.39 billion in 2016-17 and aims to create 150,000 job opportunities; (iv) the *Employment Creation Fund* is a donor financed fund administered by the Department of Trade and Industry (DTI) and has a total budget of ZAR 1.63 billion (EUR 100 million from the EU and GBP 15.6 million from the UK Department for International Development (DFID)) aiming to provide around 60,000 job opportunities.

In the area of skills training which is managed by the Department of Higher Education and Training, there are two initiatives designed to promote skills training: (i) the Sector Education and Training Authorities, which are expected to receive ZAR 9.84 billion in 2013-14 rising to ZAR 12.91 billion in 2016-17; and (ii) the National Skills Fund which is expected to receive ZAR 2.46 billion in 2013-14 rising to ZAR 3.23 billion in 2016-17.

The EU can draw on policy and experience in Europe, notably from the Europe 2020 programme and its flagship programmes in this area - "An industrialisation policy for the globalisation era"; "An agenda for new skills and jobs"; and potentially the "European Platform against Poverty". Furthermore, Europe's experience on "green jobs", the recent Youth Guarantee, guidance on business and human rights (as laid down in guides for employment and recruitment agencies and Small and Medium Enterprises (SMEs)) and several related EC Communications on Private Sector Development and Social Protection policies could be beneficial.

### ***1.1.2 Stakeholder analysis***

Following discussions with the South African National Treasury and the GTAC, which is an agency within the former, it has been decided to anchor this programme within GTAC.

Under the coordination of National Treasury, the following non-exclusive list of South African Departments have been identified as potential beneficiaries of this programme: Department of Higher Education and Training (DHET), Department of Labour (DoL), Department of Small Business Development (DSBD), Department of Social Development (DSD), Department of Economic Development (DED), Department of Trade and Industry (DTI) and the Department of Planning, Monitoring and Evaluation (DPME).

Additionally, the EU Delegation to South Africa has had several consultations with the International Labour Organisation (ILO) and the German Cooperation Agency (GIZ), based in Pretoria, about the possibility of working together (complementarity), notably in the area of skills development and placement assistance. However, possible collaboration might be envisaged only in the near future.

In general terms, collaboration with the Government of South Africa, civil society and donor coordination is quite good in South Africa and it mainly relies upon a joint shared analysis and on the recognition that the South African NDP 2030 provides a very solid basis for action.

### 1.1.3 Priority areas for support/problem analysis

Over the last ten years, the South African Government has developed several policies targeting employment creation. Nevertheless, unemployment rates remained very high and the Government's objective, reflected in the New Growth Path document, of getting one more million people into work by 2014 has not been achieved. Implementation of policies is seen as a major bottleneck; mainly due to both a lack of institutional capacity and a complex coordination around employment related measures among the large number of Government Departments involved in employment.<sup>6</sup> One of the key challenges related to employment creation is also a clear mismatch between high demand of skilled/experienced labour and oversupply of unskilled workers, as stated by the Department of Labour.

This is a complex challenge. At the same time, the low percentage, in relative terms, of EU development cooperation (and in general of all Official Development Assistance (ODA)), compared to the overall budget (estimated at below 1% and falling) has led to taking an innovative "value added" approach which looks beyond the finance itself to what can come with it, namely best practice, innovation, risk-taking, pilot programmes, systems development, capacity building, and above all skills and knowledge.

Having this "added-value" approach in mind, within this programme, it is proposed to focus on institutional strengthening/capacity development to specific South African Departments, addressing key areas relevant for employment creation in South Africa. An important principle is also for the South African Government to take the lead with respect to the type of employment related measures, which are the most relevant Departments to work with and with what priority and the establishment of an appropriate coordination mechanism, including the participation of a neutral actor in this area such as National Treasury.

At the same time, by being part of the coordination mechanism, the EU Delegation is well placed to help identify areas or activities where specific EU expertise could be usefully mobilised through this programme, as well as through other complementary tools, such as a possible Employment Facility set up by the Directorate General for International Cooperation and Development (DEVCO) HQ, or the EU-SA Dialogue Facility, when specific merit in dialogue with EU counterparts is identified.

As a matter of fact, a similar approach focused at tailor-made technical assistance, capacity building and implementation of pilot projects, is the road chosen in the last years by some of the Member States, to ensure a smooth phasing out from development cooperation and transition to a partnership based on exchanging good practices.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Lack of commitment and ownership by the Government on the assistance provided through this programme.	L/M	Dialogue will be encouraged throughout to ensure good understanding and ownership. All assistance activities under this programme should also be explicitly accepted by the recipient line department at appropriate level (usually at Director General's level).
Capacity building support	L	This risk is to be mitigated by involving

<sup>6</sup> The Economic Sectors and Employment Cluster (ESEC) consist of 22 Government Departments and is co-chaired by the Department of Rural Development and the Department of Science and Technology. The work of this cluster is mainly concentrated on two Government's Outcomes, namely, Outcome 4 (creation of decent work through inclusive growth) and Outcome 5 (skills development).

undermined due to the departure of qualified staff.		concerned bodies at both institution and individual levels in the capacity building projects and by developing durable and streamlined systems.
Limited capacity of the relevant government departments to manage and implement project activities and fully benefit from technical assistance provided by the European Union.	L/M	The implementation of this programme will go some way in mitigating this risk by providing the technical assistance needed to develop the relevant competencies and benefit to a maximum extent of the provided input.
<b>Assumptions</b>		
<ul style="list-style-type: none"> <li>• The Republic of South Africa will remain stable, with no major political, social, natural or economical change during the implementation duration of the present Action.</li> <li>• The quality of short and medium-term technical assistance is an assumption for the programme to be effective. In order to ensure appropriate standards of assistance, detailed terms of reference will need to be prepared and continuous monitoring of the assignment guaranteed.</li> </ul>		

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

The EU can add value to this area through the lessons learnt from previous and existing programmes, such as the Risk Capital Facility; Innovation for Poverty Alleviation Programme; Employment Creation Programme; the Local Economic Development (LED) Programmes, and the National Development Policy Support Programme, through the implementation of the funded grant projects in the areas of environment and skills development and job creation.

Some of the important lessons learnt are: (i) to enhance sustainability of the project, developing links with various relevant government Departments is strongly encouraged; however, the programme structure and governance has proven to be crucial for implementation purposes, with for instance the Risk Capital Facility structure having proven to be very effective with implementation through a specialised entity but linked to the South African Government; (ii) jobs and Small, Medium and Micro Enterprises (SMMEs) creation can be enhanced through innovation, utilisation of research results and better access to technology; (iii) having a partnership with private sector actors in the project usually increases a project's chances to be successful and sustainable; and (iv) the relevance of targeting quality indicators in addition to quantitative ones.

The EU is also providing support to employment-related projects through the Trade Development and Cooperation Facility (TDCA-Facility), namely (i) the "New Skills for New Jobs in the area of infrastructure" and "National Skills Planning" projects with the Department of Higher Education and Training; (ii) "Efficient delivery of Social Grants" with the South African Social Security Agency and (iii) "Strengthening the role of Public Employment Services (PES)" with the Department of Labour. The most important lesson to learn from these projects is the need, identified by the targeted Departments, for capacity building and knowledge sharing on areas of relevance for employment creation. Several reports have been, and are expected to be, prepared under the frame of these projects, which present recommendations to address the identified gaps.

#### 3.2 Complementarity, synergy and donor coordination

Donor coordination takes place through the monthly EU Development Counsellors' meetings, and through the ad-hoc EU working group on employment. This group was formerly chaired by the DFID, but is now chaired by the EU Delegation. It is the intention to enlarge this employment

working group to include, when appropriate, also non-EU donors active in this area. The EU's coordination with the South African Government takes place notably through the Employment and Social Affairs informal working group linked to the Strategic Partnership and the TDCA. Regular meetings take place that address particular topics, notably in preparation for the annual Joint Cooperation Council and the Annual Summit between the European Union and the South African authorities.<sup>7</sup>

In addition, as part of the annual summit there is now a regular South Africa-European Union business forum that has included discussions on the business climate in South Africa and the problem of unemployment. Regular discussions also take place in the context of on-going projects and programmes, most noticeably under the Risk Capital Facility (which was implemented in collaboration with the Industrial Development Corporation and the European Investment Bank (EIB)), and the Employment Creation Programme (implemented in collaboration with the DTI).

Other main EU donors in the area of employment are Belgium, France, Finland, the Netherlands, UK, and the EIB. For France the focus is on public and private sector investment for economic growth and job creation as well as access to finance for SMMEs. Belgium (Flanders – Flemish International Development Cooperation (FICA)) is focusing on employment creation through small and medium enterprise (SME) development and social enterprise, and the UK on support to the South African Government's Employment Creation Fund. Ireland has assisted the DTI in reviewing its policy on Special Economic Zones, and Finland provides support to Non-Governmental Organisations (NGOs) in the area of employment. Member States also hold their own business dialogues with the South African Government with Belgium, France, Germany, Spain, UK and more recently Poland being particularly active in this area. Recently, the EU has set up a Business Focal Point (called "EU-SA Business Links") to encourage all-inclusive EU-South Africa business relations and to prepare the ground for the establishment of an EU Chamber of Commerce and Industry.

### **3.3 Cross-cutting issues**

As in the past the following cross-cutting issues will be brought into the mainstream of this programme:

- *Gender equality and women's empowerment.* Actions will focus on women's access to employment, skills development, and delivering and receiving social services (including labour activation measures).
- *Environment/climate change.* Special attention will be paid to mainstreaming environment and climate change related issues, through encouraging the promotion of green jobs.
- *Other key issues:* Addressing good governance is a key issue to focus on within this programme.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

*Overall objective:* to assist the Government of South Africa to attain its unemployment objective (14% by 2020), through support towards institutional development.

The main purpose of this assistance is to strengthen the organisational capacity of relevant South African Departments and individual capacity within, to implement employment-related policy measures.

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<sup>7</sup> Including, The Presidency, Department of Trade and Industry (DTI), the Economic Development Department (EDD), the Department of Higher Education and Training (DHET), the Department of Labour (DOL), and the Department of Social Development (DSD).

The *results expected* are:

Result 1: Active labour market policy interventions for the unemployed (especially, for women and youth) are supported, and specific recommendations to improve work-seeker support, the transition from school to work, (public) occupational advisory services and (public) job placement services are defined.

Result 2: Assessment of small business promotion current situation and of possible options for its development is made, and needed capacity strengthened, with special reference to the informal sector and the "wage bargaining" process;

Result 3: A set of recommendations to promote further education and skills development (to increase people's employability) is defined and relevant capacity is built, with special emphasis to financing and quality enhancement aspects.

Result 4: Effective programme implementation and appropriate visibility of actions.

## 4.2 Main activities

The programme will provide institutional strengthening/capacity development assistance to identified relevant South African Departments, addressing key areas relevant for employment promotion in South Africa.

The following South African Departments have been identified as potential beneficiaries of this programme, although not exclusively: Department of Higher Education and Training (DHET), Department of Labour (DoL), Department of Small Business Development (DSBD), Department of Social Development (DSD), Department of Economic Development (DED), Department of Trade and Industry (DTI) and the Department of Planning, Monitoring and Evaluation (DPME).

The areas of support targeted upon in the National Development Plan (NDP)<sup>8</sup> and the Industrial Policy Action Plan 2 (IPAP2)<sup>9</sup> are perfectly in line with the ones identified in the MIP 2014-20 for the focal sector "employment creation" in South Africa.

These key *areas of support* are:

- Active labour market policy interventions for the unemployed (especially, women and the youth) focused on work-seeker support, the transition from school to work, (public) occupational advisory services and (public) job placement services. Activities associated to the promotion of green jobs, in a large sense, will also be envisaged;
- Analysis, monitoring and advice on small business promotion, informal sector development (including cultural and creative sectors), labour market trends (supply, demand and shortage) and wage determination (tripartite social partnership); and
- Activities pursuing further education and skills development systems organisation to increase employability of the unemployed (particularly of the NEETS10), including financing and quality enhancement aspects.

The projects/initiatives to be funded through this programme could also support, where in line with the above-mentioned support areas, the implementation of the Cities Support Programme (CSP), managed by the National Treasury of South Africa, notably by introducing an international dimension. The CSP promotes accelerated and inclusive development in major urban areas through better governance and built environment planning, improved human settlements and public transport management, local economic development, and environmental sustainability and climate resilience.

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<sup>8</sup> <http://www.gov.za/issues/national-development-plan-2030>

<sup>9</sup> Industrial Policy Action Plan - <http://www.gov.za/sites/www.gov.za/files/IPAP2014.pdf>

<sup>10</sup> NEET meaning "Not in Education, Employment or Training".

The CSP forms part of Programme 8 (Technical Support and Development Finance), within the National Treasury.<sup>11</sup>

For Results 1, 2 and 3, mentioned in section 4.1, the main activities foreseen are: (i) Provision of specific technical expertise; (ii) Organisation of conferences, workshops and seminars and the preparation of study tours to Europe and other partner countries.

For Result 4, the following activities will be also envisaged: (i) Preparation, in joint collaboration between the EU Delegation and the Government Technical Advisory Centre (GTAC), under the final responsibility of the EU Delegation, of a service contract for the recruitment of programme coordination support, through an international tender; and (ii) Preparation of a service contract with a communication provider, who will be in charge of the preparation and implementation of an agreed communication strategy.

Attribution of resources for individual projects under this programme will be made under regular cycles of Request for Projects (see Section 5.6 for more information):

- With due consideration to the strategic guidance to the programme from the Programme Advisory Committee, in particular the priorities for Requests for Projects to be funded
- Concept Notes will be submitted (by applicants) for approval to the Project Selection and Allocation Committee (PSAC). These will be supported by a letter of the applying Department's high level management (normally Director General). Approved Concept Notes will be developed into detailed Terms of Reference with the support of GTAC and notably the embedded support team under the service contract.
- In line with GTAC normal practice, the financial or in-kind contribution by South African Government Departments to the various projects will be strongly encouraged to increase ownership, but will not be a pre-condition for the approval of projects if justified.

### **4.3 Intervention logic**

This action intends to effectively contribute to the Government of South Africa's efforts to reduce unemployment, this being one of the core challenges in the country, specifically with regards to youth (15-24 years). The South African Government has developed several policies targeting employment creation during the last ten years. Nevertheless, unemployment rates remain very high (currently 26.5% overall and much higher for the youth), with implementation of policies seen as a major bottleneck; mainly due to both a lack of institutional capacity and a complex coordination around employment related measures among the large number of Government Departments involved in employment.

To that ultimate end, this programme's main outcome is to strengthen the organisational and individual capacity of relevant South African Departments (at national, provincial and municipal level) to implement employment-related policy measures through institutional strengthening/capacity development assistance.

The expected change will happen through four (4) main outputs: (i) Result 1: Active labour market policy interventions for the unemployed (especially, for women and youth) are supported, and specific recommendations to improve work-seeker support, the transition from school to work, (public) occupational advisory services and (public) job placement services are defined; (ii) Result 2: Assessment of the small business promotion current situation and of possible options for its development is made and needed capacity strengthened, with especial reference to the informal sector and the "wage bargaining" process; (iii) Result 3: A set of recommendations to promote further education and skills development (to increase people's employability) is defined and relevant capacity

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<sup>11</sup> <http://www.studio-cx.co.za/gtac/wp-content/uploads/2015/03/Technical-Support-and-Development-Finance-WEB-Version.pdf>

is built, with especial emphasis to financing and quality enhancement aspects; and (iv) Result 4: Effective programme implementation and appropriate visibility of actions.

The Action is expected to meet the objectives on the basis of the following assumptions: (i) The Republic of South Africa will remain stable; with no major political, social, natural or economical change during the implementation duration of the present Action; and (ii) Continuation of political, economic and social progress in both South Africa and the European Union. The context in which the Action will take place is positive as the EU and South Africa have established a long-standing relationship since South Africa's access to democracy in 1994, including the recognition of South Africa as a strategic partner to the EU since 2006.

An indicative logical framework is attached as annex to this Action Document.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities will be carried out and the corresponding contracts and agreements implemented, is foreseen to be 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **5.3 Implementation modalities**

#### **5.3.1. Procurement (direct management)**

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Support team, research, conferences, workshops and other relevant service matters	Services	1	2 <sup>nd</sup> or 3 <sup>rd</sup> quarter 2016
Flanking or complementary activities	Services	1-4	1 <sup>st</sup> & 2 <sup>nd</sup> quarter 2016
Mid-term evaluation, Final evaluation and audit	Services	3	1 <sup>st</sup> quarter 2018 3 <sup>rd</sup> quarter 2021
Communication and visibility	Services	1	1 <sup>st</sup> quarter 2017

### **5.4 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 subject to the following provisions:

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly

substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## 5.5 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, in currency identified</b>
5.3.1 - Procurement (direct management)	5 900 000	N.A.
5.8 - Evaluation, 5.9 – Audit	250 000	N.A.
5.10 - Communication and visibility	200 000	N.A.
Contingencies	150 000	N.A.
Totals	6 500 000	N.A.

## 5.6 Organisational set-up and responsibilities

It is decided to anchor this programme within the Government Technical Advisory Centre (GTAC), which is an agency of National Treasury in South Africa. GTAC<sup>12</sup> was established in 2012 as a government component in terms of the Public Service Act (1994, as amended in 2007). This entity, which remains part of the public service, provides government departments and state agencies with support and advice to improve the value of public spending. The head of GTAC is accountable for the entity's operations and reports to the Minister of Finance.

The management mode is centralised through the signature of a financing agreement with the Republic of South Africa. The commitments and the payments will be executed by the Commission.

The implementation of this programme will be with GTAC and three committees: (the Advisory Committee (AC), the Project Selection and allocation Committee (PSAC) and the Project Steering Committee (PSC)

### 1. The Programme Advisory Committee (PAC):

The Committee will be co-chaired by GTAC and the EU Delegation. It will meet biannually unless decided otherwise by the co-chairs.

The Committee will be composed of relevant South African line Departments' high level representatives. Members of this Committee are expected to include notably representatives from Department of Higher Education and Training (DHET), Department of Labour (DoL), Department of Social Development (DSD), Department of Small Business Development (DSBD), Department of Trade and Industry (DTI), Department of Economic Development (DED), Department of Environmental Affairs (DEA) and the Department of Planning, Monitoring and Evaluation (DPME).

The Committee's mandate is to provide strategic guidance to the programme, in particular set priorities for Requests for Projects to be funded, with due consideration for the need to (i) align with priorities defined within the National Development Plan (NDP) and other key strategic documents; (ii) align with the objectives of the employment creation focal sector of the SA-EU MIP 2014-2020 and employment cooperation priorities determined at the EU-South Africa Summit and Joint

<sup>12</sup> Over time, GTAC is intended to become a centre of excellence that can build capacity, share knowledge and make a diverse range of skills available to help resolve complex and chronic challenges in government. Examples of the types of specialists that GTAC is envisaged to render more accessible to government include those knowledgeable in the areas of development, political economy and project finance. In essence, GTAC will contribute to reducing the scale of the implementation challenge that faces government initiatives on various fronts.

Cooperation Council levels; and (iii) integrate cross-cutting issues such as gender equality and women empowerment, environmental sustainability and climate change (through encouraging the promotion of green jobs).

2. The Project Selection and Allocation Committee (PSAC):

The Committee will be chaired by GTAC where the EU Delegation will have a full membership status (including for project approval). It will meet as much as needed. The Committee, on the basis of input provided by the support team, will assess and select the proposals to be awarded with capacity building/TA support under this programme, with due consideration to the priorities for Requests for Projects set within the Programme Advisory Committee and on the basis of the requests from line departments and assessments thereof prepared by GTAC. GTAC will share with the EU Delegation the results of their analysis in view of the decision to be adopted within the Project Selection and Allocation Committee meetings.

3. The Programme Steering Committee (PSC):

The Committee will consist of representatives from GTAC and the EU Delegation. It will meet bi-annually to maintain oversight over, and review progress of, the Programme's implementation against (i) the objectives and results defined in the Financing Agreement, and (ii) the performance indicators defined in common agreement between GTAC and the EU Delegation, and the (iii) annual work plan (see below).

In addition to the above mentioned Committees, a support team will be appointed following the selection of a service provider, through an international tender. This team will assist GTAC and the EU Delegation during the implementation of this programme.

GTAC, assisted by the support team and in close coordination with the EU Delegation as contracting authority, will act as Secretariat to the Programme, notably in support of the PSC and PAC:

- Monitor the implementation of the projects selected within this programme through progress reports presented by beneficiary Departments.
- Provide support during the implementation of selected projects, including the identification and management of short-term expertise, and the management of logistical aspects, such as meetings or conferences.
- Prepare guidelines for Requests for Projects, templates for Concept Notes submission and for project selection.
- Draft annual work plans, on the basis of decisions adopted during the Advisory Committee meetings, to be approved by the EU Delegation as contracting authority.
- Issue narrative and financial progress reports of the projects selected in view of the PSCs.
- Provide technical assistance to actively disseminate information on outcomes and lessons learnt, to procure visibility material and promotional activities.

## **5.7 Performance 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 log-frame matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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).

## **5.8 Evaluation**

Having regard to the importance of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

A mid-term evaluation will be carried out for learning purposes, in particular with respect to the role of the Advisory Committee, the Request for Projects, the (approach of) assessment and selection of proposals, and to provide with a preliminary assessment of the impact on capacity building within the supported Departments.

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision) taking into account in particular the fact that this action is a pilot action.

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen 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 shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. Indicatively, two contracts for evaluation services shall be concluded under a framework contract in, respectively, 2018 and 2021.

## **5.9 Audit**

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 audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in 2021.

## **5.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan associated to this Programme and the appropriate contractual obligations.

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) <sup>13</sup>

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

The Republic of South Africa will remain stable, with no major political, social, natural or economical change during the implementation duration of the present Action.

	<b>Intervention logic</b>	<b>Indicators</b>	<b>Baselines (incl. reference year)</b>	<b>Targets (incl. reference year)</b>	<b>Sources and means of verification</b>	<b>Assumptions</b>
<b>Overall objective: Impact</b>	To assist the Government of South Africa in reducing unemployment through support towards institutional development.	- Unemployment rate (reduced) as published in the Quarterly Labour Force Survey by Statistics South Africa (STATSSA).	26.4% (First Quarter 2015)	14% (in 2020)	-NDP 2030 reports.  - Quarterly Labour Force Survey (QLFS) documents from STATSSA.	The Republic of South Africa will remain stable, with no major political, social, natural or economical change during the implementation duration of the present Action.
<b>Specific objective(s): Outcomes</b>	Organisational and individual capacity of relevant South African Departments to implement employment-related policy measures is strengthened.	- Number of relevant South African Departments (at National, Provincial and Municipal level), that received satisfactory assistance within this programme	0 (zero)	7 to 8	- Final report/s prepared by the support team, in collaboration with GTAC. Endorsement by the recipient Department(s) needed.  - Mid-term and final evaluation reports.	Continuation of political, economic and social progress in both South Africa and the European Union.
<b>Outputs/Activities</b>	<b>Result 1: Active labour market policy interventions for the unemployed (especially, for women and the youth) are supported, and specific recommendations to improve work-seeker support, the transition from school to work, (public) occupational advisory</b>					

<sup>13</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

	<p>services and (public) job placement services are defined.</p> <p><b>Result 2: Assessment of the small business promotion current situation, and of possible options for its development, is made, and needed capacity strengthened, with especial reference to the informal sector and the "wage bargaining" process.</b></p> <p><b>Result 3: A set of recommendations to promote further education and skills development (to increase people's employability) is defined and relevant capacity is built, with special emphasis to financing and quality enhancement aspects.</b></p> <p>1- Technical capacity building and training to Government Departments.</p> <p>2- Organisation of conferences, workshops, seminars and study tours (including logistical support to participation) in the areas mentioned here above.</p>	<p>- Number of capacity building/training projects implemented within the frame of this programme.</p> <p>- Number study tours, conferences, workshops and seminars organised within the frame of this programme.</p>	<p>0 (zero)</p> <p>0 (zero)</p>	<p>At least 4 big projects (some of which involving several SA Departments).</p> <p>At least 10</p>	<p>- Quarterly Programme's reports (prepared by the support team, in collaboration with GTAC).</p> <p>- Quarterly Programme's reports.</p>	
	<p><b>Result 4: Effective programme implementation and appropriate visibility of actions.</b></p>	<p>- Signature of the contract for the recruitment of the support team (following international tender).</p> <p>- Signature of the contract for the preparation and implementation of the agreed communication strategy.</p>	<p>N.A.</p> <p>N.A.</p>	<p>- Contract signed roughly 6 to 9 months following FA's signature.</p> <p>- Contract signed during 3<sup>rd</sup> trimester 2017.</p>	<p>- Date of contract signature.</p> <p>- Date of contract signature.</p>	