



EN

This action is funded by the European Union

ANNEX 1

of the Commission Implementing Decision on the Annual Action Programme 2017 in favour of the Republic of South Africa to be financed from the general budget of the Union

Action Document for Education for Employability

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning calls for proposals: 5.4.1. “Grants – call for proposals (direct management)”

1. Title/basic act/ CRIS number	Education for Employability (E4E) CRIS number: DCI-AFS/040-033 financed under the Development Cooperation Instrument (DCI)	
2. Zone benefiting from the action/location	Southern Africa, Republic of South Africa The action shall be carried out at the following location: Republic of South Africa	
3. Programming document	Multi-Annual Indicative Programme (MIP) between the Republic of South Africa and the European Union for the period 2014-2020	
4. Sector of concentration/ thematic area	Employment creation; Education and training	DEV. Aid: YES ¹
5. Amounts concerned	Total estimated cost: EUR 30 500 000 Total amount of EU budget contribution EUR 30 000 000 of which EUR 23 750 000 for budget support and EUR 6 250 000 for complementary support This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 500 000	
6. Aid modality and implementation modalities	Budget support Direct management: Budget Support: Sector Reform Contract Grants: call for proposals Procurement of services	
7 a) DAC codes	Main DAC code 11230 Basic Life-skills for youth and adults Sub-codes 1: 11330 – Vocational training 16020 – Employment policy Sub-codes 2: 11220 – Basic Education 11240 – Early Childhood Education.	

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

b) Main Delivery Channel	100000 – Public Sector Institutions			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<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"/>
	RIO Convention markers	Not targeted	Significant objective	Main 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A		
10. Sustainable Development Goals (SDGs)	<p><u>Primary:</u> SDG 4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” and SDG 8 “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”</p> <p><u>Secondary:</u> SDG 1 “End poverty in all its forms everywhere” and SDG 5 “Achieve gender equality and empower all women and girls”</p>			

SUMMARY

International comparative evidence demonstrates that South Africa devotes a relatively high proportion of GDP to education and training. However, outcomes fall short of funds spent, with challenges ranging from high drop-out rates, low pass rates, and failure to address the challenge of high unemployment (27.7%) especially of youth whose unemployment rate (38.6%) is more than 10% above the national average.

The proposed action intends to support government efforts in improving the quality of basic education, vocational training and job placement services, from early childhood, through teen-years until the acquisition of skills needed for the world-of-work. In this light, the **overall objective** is "more inclusive, equitable and quality education and employment prospects for South African youth". The **specific objectives** of the proposed action are:

SO1) *In line with SO3 of Sector 1 of the MIP (Employment creation), 'Actions in the area of skills development and placement assistance enhanced':* to enhance institutional coordination within the education, training and public employment services systems for a smooth pathway from training/education to employment opportunities, especially for disadvantaged youth.

SO2) *In line with SO1 of Sector 2 of the MIP (Education, training and innovation), 'Teaching and learning at pre-school and primary school level improved':* to support, from early ages up, an educational offer that is equitable and inclusive, especially for disadvantaged youth.

The action will be implemented as a **Budget Support** Sector Programme. The programme will provide financial resources, through fixed and variable tranches, during five fiscal years. These funds are expected to support piloting and testing of policies and actions that can lead to improved cross-departmental collaboration in critical policy areas for the prospects of employability and education of youth, and thereby social cohesion/equality, poverty alleviation and growth.

In addition to regular sector policy dialogue and monitoring, the **complementary support** will consist of technical assistance and grants to civil society organisations (CSOs) to further provide necessary capacity to Government departments, notably in their collaboration efforts, project management and mainstreaming of gender issues. Grants will associate CSO stakeholders towards improved rights based approach, service delivery and management of schools, allowing parents to play an increased role in the education and employment of children.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

In June 2017, the official unemployment rate stands at 27.7% of the labour force. The youth (aged 15-34) remains most vulnerable, with an unemployment rate of 38.6 % (StatSA, 2017) and greatest risk to social stability. In terms of gender segregation, unemployment remains higher among women than men (at 28.9% for women against 26% for men). The problem is defined as double-edged with insufficient jobs and a **mismatch between the demand for semi-skilled/skilled labour in the face of oversupply of unskilled/low skilled workers, notably from the youth**. The Government of South Africa has put several supply and demand-side policies in place aimed at tackling the structural causes of the high level of youth unemployment (See 1.1.1), also supported by civil society and the private sector.

Quality education (from Early Childhood Development (ECD), basic education, through Technical and Vocational Education and Training, up to higher education) coupled with entrepreneurial and life skills education - an improved Youth-Education-Employment "Value Chain"- is recognised as vital in tackling both youth unemployment as it stands and in ensuring that new entrants into the labour market in the coming decade are able to find work or create their own means of livelihood. Early gaps in cognitive, linguistic, and socio-emotional skills can lead to costly inefficiencies in the system i.e poor academic performance, grade repetition and dropouts. **The significance and impact of quality ECD is reiterated and elevated in the list of priorities outlined in the National Development Plan 2030 (NDP).**

1.1.1 Public Policy Assessment and EU Policy Framework

The Government of South Africa has well-developed and credible national and sector policies that support the objectives of poverty reduction, sustainable and inclusive growth and democratic governance. They have been subject to public or stakeholder consultation before adoption, and are being updated on a regular basis.

For the education and employment sector, key policy commitments are set out in a series of documents, most noticeably the National Development Plan (NDP), the New Growth Path, the Delivery Agreements under the Government's Outcome approach (especially Outcome 1, 4 and 5), the Medium Term Strategic Framework (MTSF) and the National Infrastructure Plan (NIP), in addition to the Industrial Policy Action Plan 2 (IPAP 2), the Social Accords, the National Skills Development Strategy (currently NSDS III), the White Paper on Post-School Education and Training, and the National Youth Policy, the Department of Basic Education (DBE) Action Plan to 2019: "Towards the realisation of schooling 2030", the National Integrated Early Childhood Development Policy (2015), the White Paper 5 on Early Childhood Education, and the White Paper 6 on Special Needs Education, the White Paper on the Rights of persons with disabilities, and its implementation matrix.

The action reflects the emphasis on youth, education and jobs as articulated in the European Union *Global Strategy for the EU's Foreign and Security Policy* (June 2016), the *Joint Communication 'For a Renewed Impetus of the Africa-EU Partnership'* (May 2017) in having focus on quality and effective education, and skills development for employability.

The proposed action will also contribute to the new Consensus on Development (June 2017), with which it is fully in line, and to Priority C of the Joint Staff Working Document "Gender equality and women's empowerment: transforming the lives of girls and women through EU external relations 2016-2020"².

² OJ C 210 of 30.6.2017.

1.1.2 Stakeholder analysis

Three national Departments collaborate in implementing the present action: **(i) Department of Basic Education (DBE)** with responsibility for basic education (Grade R to 12) that is shared with the nine provincial administrations; **(ii) Department of Higher Education and Training (DHET)** with responsibility for all post-secondary education and training i.e. universities, TVET colleges, and also Sector Education and Training Authorities (SETAs). Both DBE and DHET are committed to a seamless transition from primary and secondary education into the tertiary level, and to the need for advice to learners (and parents/guardians) in this process; **(iii) Department of Labour (DoL)** responsible for the public employment services (PES), encompassing a national network of centres and contact points.

Target groups: **(i)** Sector Education and Training Authorities with mandates to support skills development and job creation; **(ii)** National Skills Fund (NSF), an independent public entity sub-ordinated by DHET and funded by the skills levy; **(iii)** TVET colleges (50 accredited colleges spread in 260 locations nationally); **(iv)** Learners in the TVET system (\pm 710,000, with an additional 160,000 in private colleges); **(v)** Drop-outs and people with incomplete qualifications; **(vi)** public schools, teachers/ECD practitioners/school principals, children including before Grade R, especially from disadvantaged areas; **(vii)** parents and caretakers (including parent representatives in the School Governing Bodies); and **(viii)** Gender Focal Points within DBE, DoL and DHET.

1.1.3 Priority areas for support/problem analysis

The primary socio-economic problem that the action intends to contribute to can be summarised as follows: 38.6% of the population aged between 15 and 34 years old are unemployed. This situation can be attributed to a number of causes throughout the education sector and its interface with the employment placement sector. This is in spite of financial support and progressive policies put in place by the Government of South Africa. **Access to and quality of education prove inadequate to meet labour market needs.** The low returns on investment erode the perception of the value of formal education and training, and challenge social cohesion and stability. Major challenges that have been identified include: **(i) an inadequate foundational learning** - literacy and numeracy skills - for the majority of the incoming cohort of learners, **especially the ones in the most disadvantaged**, non-fees paying schools (quintile 1 to 3 schools); **(ii)** the education system remains insufficiently equipped to address diversity, and the educational needs of persons with disabilities; **(iii)** dropout rates remain high; **(iv)** parental/guardian involvement is limited; **(v)** inadequate skills or no marketable skills characterise a considerable fraction of youth coming out of the vocational training system; and **(vi)** the Public Employment Services (PES) struggles to place those who are looking for a job.

The TVET system often starts at a disadvantage with learners who are often ill prepared. The expectation of TVET providing high quality education/training runs against many factors: 1) Physical facilities are not enough to accommodate the rising enrolment; 2) Curricula are perceived to be outdated and not responsive to industry needs, with a preponderance of theory; 3) Current teaching staff has low capability to upgrade curricula; 4) Too few workshops are held, and are supported with obsolete equipment; 5) Poorly prepared trainers/lecturers are often reluctant to embrace innovations in teaching or curriculum; 6) The power of teachers' unions is often presented as preventing reforms. The result is a certified TVET qualification that frequently carries no quality mark from the world-of-work's perspective, and thus offers little by way of employability.

Sector Education Training Authorities (SETAs), under DHET, are considered the main connect to the private sector by facilitating links between TVET colleges and employers. Part of their objectives is to ensure that skills requirements of the various sectors are identified; that quality training is readily available, meets national standards and caters for the labour market. SETAs are also responsible for learnership programmes and the implementation of strategic skills plans. Despite their mandate, most of the SETAs do not function optimally, but have the potential to act as match-makers between the industry and TVET learners, thus contributing to effective and efficient job placement mechanisms. The Public Employment Services (PES), under the responsibility of the Department of Labour (DOL), also fall within the category.

Discussions held with CSOs indicate that **parental/guardian involvement in education and career choices need to be enhanced.** Possible partnerships with existing civil society programmes in school-

based management (targeting parental involvement and school accountability) and enhanced rights based approach to education and employability will be also addressed by the programme.

The ‘**silo**’ phenomenon is recognised by all three Departments as a cross-cutting challenge to policy efficiency and effectiveness.

1.2 Other areas of assessment

1.2.1 Fundamental values

South Africa has a strong framework for adherence to the fundamental values of democracy, human rights, gender equality and the rule of law. It has also ratified all of the main international human rights conventions. Peaceful, regular elections are held; constitutional/democratic institutions function well; checks and balances are in place; and a strong civil society and media significantly contribute to pluralism, oversight and accountability. The Constitution provides for the separation of powers, the Judiciary is independent and impartial, and the Bill of Rights (Chapter 2 of the Constitution) is widely regarded as one of the most progressive in the world and includes all civil and political rights as well as justiciable socio-economic rights including access to housing, health care, food, water, and social security and education, the rights of children and the right to a healthy environment. **The EU Delegation’s overall assessment of the fundamental values is positive despite some inherent problems linked to newly established democracies. The political debate at all levels and among all strata of the society on the underlying principles, while at times bouncy and fiercely rhetorical, remains open and free.**

1.2.2 Macroeconomic policy

South Africa’s main macroeconomic policies are the New Growth Path and the National Development Plan described in Section 1.1.1. As per the 2017 budget speech, government intends embarking on a process of "radical economic transformation" to address inequalities and slowing economic growth. This agenda will frame macro, fiscal and social policies; funding priorities will be given to programmes that create jobs, eliminate poverty and narrow the inequality gap; efforts will be made to mobilise private and public investment in social and economic infrastructure and new technologies and activities that help build a diversified economy; new opportunities for access to market will be promoted; cartels and oligopolies will be confronted; and improved connectivity and corridors between rural and urban will be promoted.

After several years of sluggish global growth, there are signs that a more sustainable but still fragile growth is under way. In the US, gross domestic product (GDP) rose at 1.9% annual rate during the last quarter of 2016 and 1.6% for all 2016. In Europe, in the same year GDP grew by 1.7% in the euro zone and by 1.9% in the EU28. For the other BRIC countries (Brazil Russia, India, China), economic growth remains contrasted with somewhat buoyant growth in China and India whereas in Russia and Brazil recession is set to recede. Meanwhile, the International Monetary Fund (IMF) projects that the world economy will grow by 3.4 % in 2017 and 3.6 % by 2018. The South African economy is very sensitive to the external environment and performance is affected by global economic trends. Trade imbalances, tax evasion and financial stability cannot be addressed without global cooperation. Protectionist policies by the US and possibly others, if implemented, will certainly have an adverse impact on the South African economy. Economic growth has stagnated in recent years. Although the Ministry of Finance expected GDP Growth to increase from 0.5% in 2016 to 1.3% in 2017 and continue to improve moderately over the medium term, recent events have considerably lowered expectations, with growth for 2017 currently expected to be between 0.6% and 1% - significantly lower than the 5% anticipated in the National Development Plan. The current moderate optimism about the macroeconomic outlook is offset by the political uncertainties prevailing in the country.

The National Treasury is required to strike a balance between maintaining spending commitments and ensuring long-term health of public finances. Although it has no intention to support "austerity" measures that would harm service delivery, delay economic recovery and compromise tax revenue collection, expenditure ceilings will remain the rule of thumb and fiscal consolidation will continue. As indicated in the October 2016 Medium Term Budget Policy Statement, government will be required to raise an additional R28 billion in tax revenue and reduce spending by R26 billion over the next two years. For the fiscal year 2017/2018, the fiscal deficit stands at R149 billion (3.1% of GDP), while government debt now stands at R2.2 trillion (50.7% of GDP) and the debt service amounts to R169 billion. The service sector

was the main contributor to growth in 2016, providing an additional 120,000 job opportunities. The performance of the mining industry continued to be subdued (mining and manufacturing employment declined by 80,000 jobs in 2016), whereas the petrochemicals, the beverage and food industry and the automotive industry were the main positive contributors to manufacturing output.

At the end of 2016, despite an increase of 2 percentage points of the repo rate, inflation ended slightly above the Reserve Bank target of 6%, but by May 2017, the rate had slowed to 5.7%, the lowest rate since December 2015. Considering the full year 2016, the trade deficit shrank to R3 billion compared to R52 billion in 2015, as exports went up 5.8% and imports grew at a much slower 1%. Weak business confidence and low levels of profitability have weighed on investment across all sectors of the economy. In 2017, the National Treasury is betting on higher growth based on a number of positive trends: higher international commodity prices; appreciation of the exchange rate that bodes well for capital inflows, inflation, business and consumer confidence; drought conditions that have abated in most of the country; less tense industrial and labour relations and more stable energy supplies.

To promote investment in the short term, government needs to urgently undertake a series of measures such as finalising land reform and mining development legislation; transitioning from analogue to digital communication channels and release of broadband services; continuing the Independent Power Producer programme both in renewable and gas technologies; streamlining investment approval processes; production-friendly industrial relations and rapid resolution of disputes; creating an enabling environment for Small, Medium and Micro-sized Enterprises and public-private partnerships; focusing on labour intensive sectors (agriculture, agro processing, tourism); and expanding regional and trade links. While acknowledging certain risks for this eligibility condition (cf Risk Management Framework 2016), **the Delegation continues to believe that the country will stay within acceptable macroeconomic and fiscal boundaries and therefore be eligible for budget support.**

1.2.3 Public Financial Management (PFM)

The National Treasury remains the custodian of South Africa's national government finances in terms of Chapter 13 of the Constitution. Its legislative mandate is found, *inter alia*, in the Public Finance Management Act (PFMA, 1999) at national and provincial levels, and the Municipal Finance Management Act (MFMA, 2003) at local government level. The annual Division of Revenue Act provides for an equitable distribution of nationally raised revenue between national, provincial and local government under the supervision of the Treasury, which also monitors the implementation of provincial and municipal budgets. Solid foundations for the Treasury have been built over 20 years of critical reform, such as the creation of a unitary fiscal system, a medium term budget framework (the October Medium Term Budget Policy Statement, the February Budget and Medium Term Expenditure Framework), and extensive budget transparency. This three-pillar system enables a predictable, open and transparent budget process, provides the opportunity for Parliament to discuss and shape government's approach to the Budget and empowers it to amend the fiscal framework or change appropriations. Overall, the PFM system in South Africa is robust and highly regulated, and fiscal discipline is the rule. Although public procurement still needs to be strengthened, government appointed its first Chief Procurement Officer in 2013 to manage and control procurement across government, reduce corruption and increase fiscal space and public expenditure efficiency.

State Owned Companies are an important part of the restructuring, transformation and strengthening of the economy and are well placed to partner with private sector investors in growing the productive capacity and infrastructure of the economy. But, while these are governed by a strong legal framework, reform is required and increasing State Owned Companies' contingent liabilities constitutes a financial risk that needs to be addressed. To this end, Cabinet has endorsed stringent governance and accountability measures on boards and managers. Poor PFM capacity at local government level continues to lead to lack of service delivery and gives rise to local unrest. Implementation of the "Back to Basics" programme remains problematic and progress is uneven, constrained by political interference, corruption and nepotism. Tax administration is one of South Africa's institutional strengths and the South African Revenue Service has played an integral role in building the democratic state by ensuring revenue is available to fund spending programmes. However, the Revenue Service must continue to develop the skills and human and technical capacities needed to enforce legislation, meet revenue collection targets, strengthen its efforts to curb tax avoidance and evasion, and address transfer pricing. **Recent PFM**

assessments include: **National Public Expenditure and Financial Accountability (PEFA) 2014:** Overall, PEFA 2014 scored slightly better than PEFA 2008 with some slippages related to Budget Credibility and to predictability and Control in Budget Execution.

On the positive side, Comprehensiveness and Transparency and Policy based Budgeting have both improved with better scores for PI-9: Oversight of aggregate fiscal risk from other public sector entities and PI-11: Orderliness and participation in the annual budget process. **Provincial PEFA 2015:** Overall, the nine provincial PEFAs indicate that provincial governments perform reasonably well, generally mirroring the strengths and weaknesses in PFM systems and processes at national level. **Auditor General South Africa (AGSA), PFMA Audit outcomes (2015-2016):** For the 2015/2016 financial year, 484 departments and public entities (169/315) with a total budget of R1.2 trillion were audited. The national and provincial treasuries have recorded much-improved audit results, although the AG highlighted the slowness of the Auditees in addressing audit recommendations aimed at improving internal control systems, eliminating governance risks and other concerns. The **Risk Management Framework** summarises the assessment of the PFM system in South Africa. The risk level is low for the following clusters: comprehensiveness of budget controls in revenue collection and budget execution and External audit. The risk level is moderate for the cluster linked to procurement. The risk level related to corruption and fraud is moderate. For both the PFM and corruption section, the risk level remains unchanged compared to 2015. **The EU Delegation confirms that on the basis of the 2015-2016 annual monitoring report, South Africa’s PFM system is robust, transparent and constantly evolving to face the challenges posed by the global, regional and local economic and financial environment and remains eligible for Budget Support.**

1.2.4 Transparency and oversight of the budget

Budget Transparency (Open Budget Index 2015): South Africa scored 86 out of 100 in the latest edition (2015) of the Open Budget Survey - third after New Zealand and Sweden. This score is substantially higher than the global average of 45 and also means that the Government provides the public with extensive budget information. **Public participation:** South Africa’s score of 65/100 indicates that the public is provided with adequate opportunities to engage in the budget process. Audit outcomes reports (Public Finance Management Act and Municipal Finance Management Act) are easily accessible by the public through the Auditor General’s website. **Budget Oversight:** The legislature (score 85/100) provides adequate oversight during the planning stage of the budget cycle and adequate oversight during the implementation stage of the budget cycle. The Auditor General (score 100/100) provides adequate budget oversight. Under the law, it has full discretion to undertake audits as it sees fit. The head of the supreme audit institution cannot be removed without legislative or judicial approval, which bolsters its independence, and it is provided with sufficient resources to fulfil its mandate and has an adequate quality assurance system in place. **Update April 2016:** As of 30 April 2016, the Government of South Africa makes all of the eight key budget documents available to the public in a timeframe consistent with international standards. **In the view of the EU Delegation, this eligibility criterion is thus fulfilled.**

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
RISK MANAGEMENT FRAMEWORK MAIN RISKS (see annex for details)		
1. Political Risk: High unemployment (above all youth) and inequality are a permanent source of dissatisfaction which may manifest itself in violent eruptions.	Medium	There are a number of Government of South Africa measures ongoing or intended to increase government efficiency and service delivery thus fighting poverty and corruption. The present and other EU programmes support these efforts including in the areas of justice, good governance, health and education. The programme Policy Dialogue forums will open an opportunity for CSO participation

Risks	Risk level (H/M/L)	Mitigating measures
2. Macro-economic Risk: The macro-economic context is stable but politically sensitive indicators such as investors' confidence may be affected in the build up to the ruling party's leadership election in December 2017.	Medium	The Government of South Africa has repeatedly stated their commitment to follow a path of macro-economic stability. Progress in this area will be monitored by the EU Delegation. From an operational perspective, budget support operations also contribute to increase (mutual) accountability and transparency. The long-standing relationship and co-operation (20 years) between the National Treasury and the EU on improving the Public Finance Management systems is instrumental in enhancing and strengthening fiscal discipline, strategic allocation and operational efficiency.
PROJECT/SECTOR SPECIFIC RISKS		
3. Absence of commitment to collaborate fully across institutions within this programme and with external partners inside and outside of government.	Low/Medium	Risk will be mitigated by putting in place a governance structure with a regular schedule of meetings to ensure commitment and ownership of results and TA capacity support to facilitate cooperation.
4. Limited capacity related to the programme objectives in relevant government departments at national or lower levels	Low/Medium	Risk will be mitigated by providing technical assistance throughout the entire five year period to each of the three Departments, and by incorporating a grant-component into the programme for specialised assistance (in the area of parental engagement).
5. Attention to gender issues may be insufficient because the departmental priorities do not have a specific gender focus.	Medium	Technical Assistance, and the proposed support through grant contracts, will provide capacity support to gender issues at sector and project implementation levels.
Assumptions		
<ul style="list-style-type: none"> • It is assumed that the two objectives under this action remain priorities of the Government of South Africa and that the departments and sub-ordinate institutions will provide requisite attention throughout implementation. • Staff-turnover at key implementation levels within each department remains no more than average. • There is full understanding among all actors of the need to keep gender matters in focus. • Overall business environment remains conducive to overall longer-term growth and thus induces firms to take on or plan for new hires. • Servicing of public sector debt will not impact adversely on the Government of South Africa's consolidated budget allocation to basic education, and to vocational education and training. • There is willingness to change "business as usual" behaviour and to accept testing innovative services delivery measures aiming at increasing alignment of systems. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Crucial lessons were learnt from the Primary Education Sector Policy Support Programme (PrimED SPSP) implemented in the period 2009-2015 with the Department of Basic Education, including:

- **build on the gains made** i.e the national roll-out of a compulsory year of Reception Grade, attention to inclusive education, differentiated curricula and barriers to learning and link the scope of the action to the employability side, for a true Youth-Education-Value Added Chain approach;
- **pursue Budget Support** as the most appropriate funding modality, but accompanied with technical assistance (TA) and grants to civil society to promote complementary of approaches and support Government in targeting results in more precise terms;

- **foster policy dialogue and experience-sharing** with Europe (with TA support) to build on previous experiences carried out in other countries and assist in evidence-based, cost-effectiveness reporting on the pilots.

The proposed action takes stock of four other relevant and recent EU programmes: the Teaching and Learning Development Sector Reform Contract (TLD, with the Department of Higher Education and Training), the Capacity Building Programme for Employment Promotion (with the Government Technical Advisory Centre at National Treasury), the Dialogue Facility (with the Department of International Relations and Cooperation), and the National Development Policy Support Programme. Implementation of these programmes has shown how skills development and employment promotion are interlinked, how much the 'silo' practice is detrimental to tackling the issue and has also demonstrated the importance of partnering with private sector actors to enhance sustainability. The programme has also draw inspiration from EU and Member States policies and experiences.

3.2 Complementarity, synergy and donor coordination

The most immediate complementarity between the E4E and current EU interventions is with the **Teaching and Learning Development (TLD) programme** that focuses on improved quality and quantity of teachers for all education sub-systems.

Additional complementarity can be also seen with the EU's **Capacity Building Programme for Employment Promotion (CBPEP)**, which supports institutional strengthening on skills development, SMMEs promotion and active labour market policies, while the E4E provides inter-linkages between education and employability.

Two targeted Public Finance Management programmes, the Financial Management Improvement Programme III and the proposed Public Financial Management Capacity Development Programme for Improved Service Delivery, as well as the past and expected future peer-to-peer dialogue projects between EU Member States (France, Poland) and South Africa anti-corruption bodies will provide additional support for Country compliance with the general conditions for Budget Support.

Donor coordination among EU Member States takes place through regular EU Development Counsellors' meetings. In addition, in 2016 the EU Delegation launched a **Donor Working Group on Education, Skills Development and Employability**³. Regular **Government-led sector donor coordination and policy dialogue is however not taking place consistently** and the project will promote it through TA assistance, policy dialogue in coordination with other partners.

3.3 Cross-cutting issues

South Africa legislation in favour of gender equality is strong and has enabled sterling gains in areas such as access to education, employment and political participation. However, women in South Africa face numerous barriers to meaningful engagement in the economy manifested in attitude, assumptions, norms and traditions, further concealed by the lack of up to date gender segregated data at all levels from school to employment. The proposed action shall aim to build data management capacity within the three government departments by mainstreaming gender in the pilot programmes, ensuring that programme reports have a focus on gender, ensuring that the policy dialogue explicitly addresses gender.

³ A number of development partners are active in the TVET arena: the German Development Agency (GIZ) (skills development and apprenticeship for electricians and plumbers) the Swiss South African Cooperation Initiative (SSACI) (welders and book-keepers), The German Development Bank (KfW) (equipment for the dual training system), Japan International Cooperation Agency (soft' problem-solving skills for teachers/lecturers), the International Youth Foundation (Training of Trainers for life and entrepreneurial skills), the British Council (entrepreneurships and exchanges with other countries), the Swiss Economic Cooperation and Development (SECO), the Austrian Development, Irish Aid (TA in the sector). Following consultations, placement assistance appears to be a "virgin" area of support to South Africa. The two major donors in the basic education sector are USAID (early grades reading) and the United Nations' Children fund (UNICEF) (technical assistance), yet with limited amount of resources.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This action is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG Goal 4 “Ensure inclusive and equitable education and promote lifelong learning opportunities for all”, and SDG Goal 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", and also promotes progress towards Goal 1 "End poverty in all its forms everywhere", and Goal 5 "Achieve gender equality and empower all women and girls". This does not imply a commitment by the Republic of South Africa.

The **overall objective/impact** of the proposed action is: More inclusive, equitable and quality education and employment prospects for South African youth. The **specific objectives/ outcomes** of the proposed action are:

SO1) *In line with SO3 of Sector 1 of the MIP (Employment creation), "Actions in the area of skills development and placement assistance enhanced"*: enhance institutional coordination within the education, training and public employment services systems to promote the development of a smooth pathway from training/education to employment opportunities, especially for disadvantaged youth.

SO2) *In line with SO1 of Sector 2 of the MIP (Education, training and innovation), "Teaching and learning at pre-school and primary school level improved"*: support, from early ages up, an educational offer that is equitable and inclusive, especially for disadvantaged youth.

To attain the above-mentioned specific objectives, the action has been designed to support the Government of South Africa in the following **result/output areas**, with indicative deliverables of the Action as follows:

Result/Output Area 1: Diversified learning pathways (with emphasis on work integrated learning) for improved employability of students, are set-up and offered to students at school/college level;

Result/Output Area 2: Public labour counselling and placement assistance services are improved;

Result/Output Area 3: Access to quality Early Childhood Development and throughput through grades are improved;

Result/Output Area 4: Parental involvement and support is mainstreamed from the early ages up to TVET.

4.2 Main activities

4.2.1 Budget support

The main activity is the transfer of funds to National Treasury to support the Department of Basic Education (DBE); the Department of Higher Education and Training (DHET) and the Department of Labour (DoL), who are expected to develop pilots in a limited number of locations and provinces, which allows for cross-institutional collaboration and coordination in a practical context bringing together actors currently working in "silos", and which have the potential of becoming systematised for upscaling nationwide if proven successful and cost-effective. Approval and allocation of resources for the pilots is the responsibility of the National Treasury following national policies and procedures.

Tentative activities discussed for possible support include pilots that (i) facilitate full alignment of the funding model between Sector Education and Training Authorities (SETAs) and Technical and Vocational Education and Training colleges enabling SETAs to act as match-makers between TVET colleges and employers for workplace learnerships and curriculum alignment with industry needs; (ii) improve labour matching and placement services by labour centres, which may include e.g. the set-up of a specific software linking relevant Departments' databases to DoL's Employment Services of South Africa database; improving capacity (service delivery) and increasing geographic outreach of identified labour centres; (iii) support the full development and testing for a Technical Occupational Stream curriculum for Grade 8-9; and (iv) support the operationalisation of the National Integrated Early Childhood Development Policy and inclusive education.

Policy dialogue will also form part of activities as it is recognised as an important pillar for budget support (see section 5.11 below for details).

4.2.2 Complementary support

The European Commission will contract a **Technical Assistance (TA)** team, to support the three implementing Government Departments and the National Treasury in the design, administration and implementation of the pilot projects. The TA will serve as the secretarial support for the governance structures, coordination and alignment of systems among the three involved departments and other stakeholders, including the grants implemented by civil society, and coordination of donor support to establish synergies with other projects. The TA will also support Government in policy dialogue and experience-sharing with Europe.

Grants will be awarded to **Civil Society** in line with Result/Output Area 4: "Parental involvement and support is mainstreamed from the early ages up to TVET".

4.3 Intervention logic

Based on the problem analysis and the lessons learnt described above, the action will have a cross-sector approach (education and employment), focusing on institutional collaboration and coordination between DBE, DoL and DHET and civil society stakeholders, and associated policies and systems, to ultimately improve service delivery and lead to positive impacts on youth employability, inclusiveness and reduced education system drop-outs.

The main elements of the programme and their contribution to its objectives are:

(i) **Budget support:** the programme will provide additional resources through a mix of fixed and variable tranches to National Treasury to be used for piloting and testing of cross-departmental policies (between DBE, DoL and DHET), leading to improved design and implementation of sectoral policies. Variable tranches have been designed with the aim of supporting a reduced number of priority sector objectives in the result areas with the aim to find viable solutions to the unemployment problem at critical phases in the Youth Value Chain. Lessons learnt in the pilots are expected to influence departmental policy development/implementation in the four result areas.

(ii) The **monitoring** will take place on an annual basis through reporting and policy dialogue mechanisms, which will also aim to improve development partner joint engagement with Government, enabling mobilisation of additional expertise (including from Member States) through other instruments and Programmes (e.g. regular dialogue with the Directorate General for Education and Culture (DG EAC), EU-South Africa Dialogue Facility projects, the Teaching and Learning Development programme and the Capacity Building Programme for Employment Promotion (CBPEP)).

(iii) The envisaged **complementary support, the TA**, will provide support to departments in (i) setting-up and implementing the functional pilots; (ii) developing the monitoring and evaluation (M&E) mechanisms; (iii) coordinating the policy dialogue structures with the EU Delegation; (iv) mainstreaming gender issues; (v) enhancing linkages with the private sector and (vi) easing the use of government resources in project/donor specific management issues. The grant component will focus exclusively on Result Area 4 ("Parental involvement and support is mainstreamed from the early ages up to TVET level"), associating critical CSO stakeholders (such as parent associations) to improved service delivery and management at schools, allowing parents to play an improved and active role in the education and employment perspectives of their children.

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 described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is **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 of the budget support component

5.3.1 Rationale for the amounts allocated to budget support

The amount allocated for budget support component is EUR 23 750 000, and for complementary support is EUR 6 250 000. This amount is based on a broad qualitative assessment of the following elements:

- **Financing needs of the policy supported:** While education (DBE and DHET) enjoys the largest allocation from the National budget⁴, most of it is devoted to running and recurrent costs and infrastructure. The use of official development assistance (ODA) funding is therefore important for piloting, from the central level, new experimental approaches for policy making.
- **Track record and absorption capacity of past disbursements** and how effectively agreed objectives were achieved with budget support operations: being risk and added value pilot activities, aiming at introducing evidence-based policy reforms, the absorption capacity is generally slower than in the implementation of the Department "business as usual" activities.

5.3.2 Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the DBE Five-year Strategic Plan 2015/16 – 2019/20 and successors; of the DBE Action Plan to 2019: "Towards realisation of Schooling 2030" and successors; of the National Integrated Early Childhood Development Policy (and related documents); DHET Revised Strategic Plan 2015/16 – 2019/20 with regards to Technical and Vocational Education and Training and Skills Development; DoL Five-year Revised Strategic Plan 2015-2020, and successors, with regard to Public Employment Services; and
- Continued credibility and relevance thereof, as proved also by relevant policy dialogue on the above-mentioned policies, carried out in different fora, such as the Programme Steering Committee, with the support of the Technical Assistance;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the general PFM reform agenda;
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

b) The specific conditions for disbursement that may be used for variable tranches are the following:

KPI 1: The percentage of children who turned 9 in the previous year and who are currently enrolled in Grade 4 (or higher);

KPI 2: The percentage of schools where the school governing body meets the minimum criteria in terms of effectiveness;

KPI 3: Number of workplace learning opportunities created per year;

KPI 4: Number of registered employment opportunities filled by registered work-seekers per year.

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the National Authorising Officer may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

⁴ In the current Fiscal Year (2017/2018), 320.5 billion South African Rands (approximately EUR 22.3 billion)

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3 Budget support details

Support is provided as both fixed and variable tranches, untargeted budget support. The South African Fiscal Year starts from 1 April to 31 March. The E4E Programme will have an implementation period of 60 months (5 years), with annual disbursement of budget support tranches coupled with yearly performance monitoring and policy dialogue in steering committees and other dialogue fora.

The indicative disbursement timetable is given in the Table below:

Indicative timetable of disbursements of budget support (EUR million)

	Fiscal year 2018/2019				Fiscal year 2019/2020				Fiscal year 2020/2021				Fiscal year 2021/22				Fiscal year 2022/23				Total									
	Quarters				Quarters				Quarters				Quarters				Quarters													
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4										
Fixed				8 ⁵				4													3.75									15.75
Variable												4																4	8	
Total				8				4				4									3.75								4	23.75

Budget support is provided as direct untargeted budget support to the National Treasury. The crediting of the euro transfers disbursed into South African Rands will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

5.4 Implementation modalities for complementary support of budget support

5.4.1 Grants: call for proposals - Parental involvement and support is mainstreamed from the early ages up to career guidance (direct management)

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

Upon CSO consultation and in line with **Result/Output Area 4: Parental involvement and support is mainstreamed from the early ages up to TVET**, the grants will support the Government in achieving Goal 21 (Ensure that the basic annual management processes take place across all schools in the country in a way that contributes towards a functional school environment) and Goal 22 (Improve parent and community participation in the governance of schools) of the Action Plan to 2019: "Towards the realisation of schooling 2030" of the DBE.

The grants will take stock of public and private initiatives and programmes already existing in the area, including public budget lines, and will support their effective implementation towards the achievement of the KPI 2: The percentage of schools where the school governing body meets the minimum criteria in terms of effectiveness.

Possible actions to be supported via the grants may include, but are not limited to the following:

⁵ Based upon performance of the previous financial year (2017/2018 FY). The same applies to disbursements in subsequent years.

- Advocacy for, stimulation and mainstreaming of parental/caretaker involvement within the full spectrum of the cognitive development of the child with regard to pre-reading, pre-foundational skills and choice of languages/subject matter, life-skills and learning pathways/career guidance, **with a special focus on involving fathers/relevant male caretakers in the education and career of their children.**
- Support to the role of the principal as an agent of change, as well as his interface with and the role of parent/teachers associations (school-governing bodies), **with a special focus on fighting gender stereotypes.**

(b) Eligibility conditions

To be eligible for a grant, the applicant must

- (i) be a legal person **and**
- (ii) be non-profit-making **and**
- (iii) be a specific type of organisations such as: non-governmental organisations, citizens' groups, organisations representing economic and social interests, community organisations, advocacy organisations, women's and youth organisations, research and scientific organisations, education institutions, independent foundations, and international (inter-governmental) organisations as defined by Article 43 of the Implementing Rules to the EU Financial Regulation. However, in case of a multi-beneficiary grant, an International Organisation, a public sector operator, or a local authority cannot be the applicant **and**
- (iv) be registered in South Africa **and**
- (v) be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary **and**
- (vi) be able to demonstrate to have regularly carried out activities in the field covered by the Call.

Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is between EUR 350 000 - 600 000 and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is between 12 - 36 months.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 80% of the eligible costs of the action.

In accordance with Article 192 of the Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be up to 100%. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to launch the call

Last trimester of 2019.

(f) Exception to the non-retroactivity of costs

Not applicable.

5.4.2 Procurement (direct management)

Subject in generic terms, if possible	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Technical Assistance	Service	1	4th trimester 2018

5.5 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 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.

5.6 Indicative budget

	EU contribution (in EUR)	Indicative third party contribution (in EUR)
5.3 Budget Support Sector Reform Contract	23 750 000	N.A.
5.4.1 Complementary Support: Call for proposals Parental involvement and support is mainstreamed from the early ages up to career guidance (direct management)	2 000 000	500 000
5.4.2 Complementary Support: Procurement of services (Technical Assistance)	3 700 000	N.A.
5.9 Evaluation, 5.10 Audit	250 000	N.A.
5.11 Communication and Visibility	300 000	N.A.
Totals	30 000 000	500 000

5.7 Organisational set-up and responsibilities

Overall responsibility for the programme will fall under the National Treasury. The programme will be strategically managed through a Programme Steering Committee (PSC) which will allow for rotational chairs led by the three implementing departments (DoL, DBE and DHET). The National Treasury will co-chair and the EU Delegation will be a member together with other relevant departments. The role of the PSC will be primarily to provide strategic guidance and overall oversight for the programme, including sector and budget support tranche performance monitoring, policy dialogue, and steering of the complementary support. The PSC will meet twice a year throughout the programme and may call for extra ad-hoc meetings if and when required. The PSC members may be included in existing working committees within the sectors, ensuring coordination of the value-chain and improvement of efficiencies within the system. The technical assistance will act as the secretariat for the PSC.

5.8 Performance monitoring and reporting

Performance monitoring by the South African government takes place annually based on a fiscal year (FY) that runs from April to March. Mechanisms to conduct monitoring and evaluation are covered in the work of the Departments including National Treasury, Statistics South Africa and the Auditor General and are overseen by the Department of Performance, Monitoring and Evaluation (DPME) established in the Presidency. DBE, DHET and DoL, together with other implementing partners, are fully aligned to the performance monitoring and evaluation requirements through the publication of their Annual Performance Plans (APP) in April of each year and their Annual Reports (AR), published in the last trimester of the year.

Performance monitoring (the sector policy assessment) for the programme **is expected to take place on an annual cycle** consisting of the following steps:

- (i) the Departments Annual Performance Plans (APP) published in April of each year;
- (ii) the Departments Annual Report (AR) published in in the last trimester of the year, including the Auditor General's report;
- (iii) the previous reports from the PSC concerning the overall performance of the programme;
- (iv) the formal request for disbursement from the National Treasury (NAO).

For the assessment of the general condition regarding satisfactory progress in the sector policy, assessments in year N will, as far as possible, be based on the performance in year N-1. The same principle applies for the assessment of the specific conditions for the variable tranches.

Policy dialogue will take place within the framework of the South Africa-EU "Strategic Framework" under the Mogôbagôba Dialogue⁶ process. These fora may include, but are not limited to:

- The PSC of the E4E programme;
- The annual EU-SA Summit, Joint Cooperation Council, and associated preparatory meetings including the EU-SA Senior Official Meeting on Higher Education;
- The South Africa-EU Annual Consultations and associated preparatory meetings;
- Meetings in the context of the Joint Declaration on Education and Training signed in May 2012 by the DHET and EU will continue to strengthen and deepen the dialogue process;
- Sector Donor Coordination Fora under the leadership of DHET and DBE, and high-level representation of DoL to enhance oversight and improved coordination for this programme and the sector;
- Ad-hoc technical meetings on issues relevant to the achievement of the objectives and expected results of this programme;
- Events such as the launch of the programme, field visits to sites of interest and other opportunities for the three departments, and other relevant departments, the European Union and other relevant actors to engage in a transparent and visible manner on the results of the programme as well as dialogue with civil society organisations.

The day-to-day monitoring of implementation will form part of the implementing partners' responsibilities who, with support from the Technical Assistance, 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 list of result indicators. 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.

⁶ South Africa-European Union Strategic Partnership Joint Action Plan, May 2007, and the Trade, Development, and Cooperation Agreement, December 1999.

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).

5.9 Evaluation

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

The mid-term evaluation will be carried out for learning purposes, in particular with respect to cost/efficiency and replicability at national level.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular cost/efficiency and replicability at national level, as well as documenting best practice, case-studies and beneficiary profiling for concrete results on how the intervention has changed people's life.

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, one contract for evaluation services shall be concluded, possibly under a framework contract in year 3 of implementation covering the mid-term review and after the last disbursement of Budget Support payment, the final evaluation.

5.10 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 at the end of the operational implementation period.

5.11 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 of the Action to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above. The Communication and Visibility Plan of Action and its implementation will be undertaken by the Technical Assistance team under the supervision of the EU Delegation.

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 of the Action and the appropriate contractual obligations.

The communication and visibility budget of this Financing Agreement may be pooled with the respective budgets of other Financing Agreements in the context of a larger communication programme.

APPENDIX – INDICATIVE LIST OF RESULT INDICATORS⁷

The activities/inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of results indicators are indicative and may be updated during the implementation of the action without any amendment to the financing decision. The table with the indicative list of results indicators will evolve during the lifetime of the action: New columns will be added for intermediary targets (milestones), when it is relevant and for reporting purposes on the achievement of results as measured by indicators. Note that indicators should be disaggregated by gender whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
Overall Objective: Impact	More inclusive, equitable and quality education and employment prospects for SA youths.	1. National unemployment rate (gender disaggregated)	1.1 27.7% National unemployment rate; 29.8% women unemployment rate; 26% men unemployment rate, (2017 QI). ⁸	1.1. Overall unemployment rate: 14% (2020); 6% (2030)	1.1 Most recent Quarterly Labour Force Survey (QLFS) from SA Statistics
		2. Youth unemployment rate and, when possible, gender disaggregated	2.1. 38.6% (2017 QI) ⁹	2.1. No target	3.1 Most recent Quarterly Labour Force Survey (QLFS) from SA Statistics
		3. NEET incidence (for individuals aged 15-24 years old (gender disaggregated)	3.1. 32.4% in 2017 QI (34.3% for women and 30.5% for men) ¹⁰	3.1. No target	3.1 Most recent Quarterly Labour Force Survey (QLFS) from SA Statistics
		4. Number of people who have benefitted from VET/ skills development and other active labour market programmes with the project (**)	4.1 - 0	4.1. To be defined during inception	4.1. Progress reports based on pilot reports, evaluations

⁷ All indicators are aligned with the relevant programming document; those matching with the EU Results Framework should be marked with (**)

⁸ SA Statistics, Quarterly Labour Force Survey (Q1:2017) at <http://www.statssa.gov.za/?p=9960>.

⁹ SA Statistics, Quarterly Labour Force Survey (Q1:2017) at <http://www.statssa.gov.za/?p=9960>; gender disaggregated data is not available at time of release of overall indices.

¹⁰ SA Statistics, Quarterly Labour Force Survey (Q1:2017) at <http://www.statssa.gov.za/?p=9960>.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
Specific Objective(s): Outcome(s)	<p>SO1: Enhance institutional coordination within the education, training and public employment services for a smooth pathway from training/education to employment opportunities, especially for disadvantaged youth.</p> <p>Result Area 1. Diversified learning pathways (with emphasis on work-integrated learning) for improved employability of students, are set up and offered to students at school/college level.</p> <p>Result Area 2. Public labour counselling and placement assistance services are improved.</p> <p>Result Area 3. Parental involvement and support is mainstreamed from the early ages up to TVET.</p>	<p>1.1. Number of new artisan learners qualified, when possible, gender disaggregated</p>	1.1. 16,114 (2015/16)	1.1. Production of 24,000 artisans (per year) by 2019 and 30,000 by 2030.	1.1 -1.5 : - Most recent Estimates of National Expenditure, ENE (Vote 15 for DHET and Vote 28 for DoL) and MTEF 2014/19 (to be revised in 2019).
		<p>1.2. Number of workplace learning opportunities created per year</p>	1.2 - 120,000 (2016/17)	1.2 – 140,000 (2019)	
		<p>1.3. Number of registered employment opportunities filled by registered work-seekers per year</p>	1.3 -8,000 (2016/17)	1.3. 8,000 (2019) ¹¹	
		<p>1.4. Number of work-seekers registered on the Employment Services of South Africa (ESSA) database per year, when possible, gender and age disaggregated</p>	1.4 - 634,503 (2015/16)	1.4 - 500,000 (2019). Projections available until 2019/20 only.	
		<p>1.5. Number of employment opportunities registered on the Employment Services of south Africa database per year.</p>	1.5 - 74,056 (2014/15)	1.5 - 60,000 (2019). Projections available until 2019/20 only.	

¹¹ To note that, at the moment of the preparation of this document, the numbers from 2017 to 2020 cannot be amended as they are already factored into the current ENE 2017; however, during the next planning cycle, DoL might re-look at them on the basis of the impact associated to the EU support in this area.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
	<p>SO2: To support, from early ages up, an educational offer that is equitable and inclusive, especially for disadvantaged youth.</p> <p>Result Area 1. Diversified learning pathways (with emphasis on work-integrated learning) for improved employability of students, are set up and offered to students at school/college level.</p> <p>Result Area 4. Access to quality ECD and throughput through grades are improved.</p> <p>Result Area 3. Parental involvement and support is mainstreamed from the early ages up to TVET.</p>	<p>2.1. Percentage of Grade 3 learners performing at the required literacy/numeracy level according to the Annual National Assessment, when possible, gender disaggregated.</p> <p>2.2. Percentage of Grade 6 learners performing at the required language/mathematics level according to the Annual National Assessment.</p> <p>2.3 The percentage of schools where the school governing body meets the minimum criteria in terms of effectiveness</p>	<p>2.1 - (2014) 57% for literacy and 56% for numeracy</p> <p>2.2- (2014) 46 and 32</p> <p>2.3 - 87% (2016)</p>	<p>2.1 - (2024) 90 for literacy and 90 for numeracy</p> <p>2.2- (2024) 90 and 90</p> <p>2.3 - 100% (2024)</p>	<p>2.1. MTSF 2014-2019 (to be revised in 2019)</p> <p>2.2. MTSF 2014-2019 (to be revised in 2019)</p> <p>2.3. DBE Annual Report Annual Programme Implementation Report.</p>
Outputs	<p>Induced Output 1:Improved public service delivery through supporting the set-up and implementation of functional pilots in the result areas 1-4</p> <p>1.1 Pilot projects in the result areas 1-4 implemented</p> <p>1.2 Evaluation reports of the pilot projects</p>	<p>1.1.1- Number of functional pilots in place.</p> <p>1.2.1 -Number of evaluation reports on the results and cost efficiency on the pilots produced</p> <p>1.4.1 Action plan (informed by costed research from pilots) developed and implemented.</p>	<p>1.1.1.- 0 pilots.</p> <p>1..2.1 - 0</p> <p>1.4.1 – 0</p>	<p>1.1.1.- Targets to be defined during programme inception</p> <p>1.2.1- Targets to be defined during programme inception</p> <p>1.4.1 Action plan developed and actioned</p>	<p>1.1.1. - Programme implementation reports</p> <p>1.2.1.- Programme implementation reports</p> <p>1.4.1 Programme implementation report</p>

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
	Induced Output 2: Improved sector policy coordination and formulation	<p>2.1.1. Number of reports on the evaluation of coordination mechanisms between various state actors based on pilot experience</p> <p>2.1.2. Donor Partnership Forum (currently chaired by DHET) expanded to include DBE and meeting, at least, twice a year.</p>	<p>2.1.1 – 0</p> <p>2.1.2.-0 Meetings.(Donor partnership forum including the three departments not yet in place)</p>	<p>2.1.1. Targets to be defined during programme inception</p> <p>2.1.2.- High level participation assured from relevant Departments (DBE and DoL). - (At least) 2 meetings per year.</p>	<p>1.3.1 Programme Implementation reports</p> <p>2.2.1. Programme implementation reports</p> <p>2.2.2 Programme implementation reports Minutes of Donor Partnership Forum</p>
	<p>Induced Output 3: Improved public service delivery through supporting capacity building to beneficiary Departments:</p> <p>3.1 Improve data management and analysis in the whole sector within DBE, with focus on repetition, drop-out and results by age & gender, LURITS ¹²</p> <p>3.2 Installation of software-based algorithms linked to the ESSA data base (DoL) to improve placement services by labour centres.</p> <p>3.3 Support gender mainstreaming among</p>	<p>3.1.1. Learner transition rates (including dropout rates and repetition rates by gender and age) reported on annually by DBE.</p> <p>3.2.1. Number of work-seekers proposed by DoL</p> <p>3.3.1. Gender segregated data annual reporting by beneficiary Departments</p>	<p>3.1.1 - 0¹³</p> <p>3.2.1.- 20</p> <p>3.3.1.- Gender disaggregate data not published systematically</p>	<p>3.1.1. TBD during inception</p> <p>3.2.1. Targets to be defined during programme inception</p> <p>3.3.1. TBD in the inception period</p>	<p>3.1.3 - DBE annual report.</p> <p>3.2.1 - Programme implementation reports.</p> <p>3.3.1 - Programme implementation reports.</p>

¹² LURITS is one of the data management system at DBE that tracks learners and can, when used optimally, produce learner transition rates.

¹³ Data on learner transition rates is currently collected but not reported annually.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification
	the three Departments (DBE, DHET and DoL).				
Direct Outputs	Direct Outputs	1.1.1 Annual disbursements	1.1.1 -0	1.1.1 - 5 disbursements by 2023 ¹⁵	1.1.1 Programme implementation reports
	1.1 Budget contribution by the EU to National Treasury	1.2.1. Programme Steering Committee (PSC) chaired by high-level representatives from DHET, DBE, DoL, NT and EUD meeting at least, twice a year.	1.2.1 - 0 meetings. No PSC	1.2.1 PSC is established and meets twice per year	1.2.1. Programme implementation reports Minutes of PS
	1.2 Project Steering Committee				
	1.3 Policy dialogue	1.3.1. Number of policy dialogue events ¹⁴	1.3.1- 0	1.3.1. Policy dialogue plan TBD during inception	1.3.1 Programme implementation reports Policy dialogue events minutes and reports
	1.4. Grants to CSO up to 2M EUR	1.4.1 Number of grants to CSO	1.4.1 – 0	1.4.1. TBD	1.4.1 -Progress reports. Grant contracts
	1.5. Technical Assistance to involved Departments	1.5.1 Service contract(s) signed	1.5.1. – 0	1.5.1. -1 Service contract to be signed at moment of FA signature	1.5.1 -Progress report/EU contract forecast
	1.6. Programme evaluation	1.6.1 Service contract(s) signed	1.6.1. -0	1.6.1 - 2 programme evaluations mid-term and final	1.5.1 Progress report/evaluations report

¹⁴ Policy dialogue events as defined in project documents

¹⁵ As per indicative disbursement calendar of project documents