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ANNEX

of the Commission Decision on the financing of the Annual Action Programme 2020 in favour of the Republic of South Africa

Action Document for the formulation of a “Technical Assistance Facility to Support Sustainable Infrastructure Development in South Africa”

ANNUAL PROGRAMME

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/ in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Technical Assistance Facility to Support Sustainable Infrastructure Development in South Africa CRIS number: DCI-AFS/2020/042-459 financed under the Development Cooperation Instrument (DCI) ¹	
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) ² between the Republic of South Africa and the European Union for the period 2014-2020	
4. Sustainable Development Goals (SDGs)	SDG 5 – Achieve gender equality and empower all women and girls SDG 6 – Ensure access to water and sanitation for all SDG 7 – Ensure access to affordable, reliable, sustainable and modern energy SDG 9 – Build resilient infrastructure, promote sustainable industrialisation and foster innovation SDG 11 – Make cities inclusive, safe, resilient and sustainable SDG 13 – Combating climate change and its impacts	
5. Sector of intervention/ thematic area	Sector 1: Employment creation	DEV. Assistance: YES ³

¹ Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 (OJ L 77, 15.3.2014, p. 44).

² Commission Decision C(2014) 5703 final of 13.08.2014, as amended by Decision C(2018) 4741 of 20.07.2018, on the adoption of the National Multiannual Indicative Programme between the European Union and the Republic of South Africa.

³ Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

6. Amounts concerned	Total estimated cost: EUR 9 000 000 Total amount of EU budget contribution: EUR 9 000 000			
7. Aid modality and implementation modalities	Project Modality: Indirect management with the Republic of South Africa (procurement) Direct management – procurement			
8 a) DAC code	Main DAC code: 43010 - Multisector aid– sector- percentage 100%			
b) Main Delivery Channel	12000 - Recipient Government			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	✓
	Aid to environment	<input type="checkbox"/>	✓	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	✓	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	✓	<input type="checkbox"/>
	Reproductive, Maternal, New-born and child health	✓	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	✓	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with disabilities	✓	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	✓	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	✓	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	✓	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	✓	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	✓	<input type="checkbox"/>
10. Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input type="checkbox"/>	✓	<input type="checkbox"/>
	Migration	✓	<input type="checkbox"/>	<input type="checkbox"/>
11. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

The **overall objective** of this action is to support the Government of South Africa (GoSA) to promote inclusive and sustainable development and achieving the SDGs. The **specific objective** of the facility is to improve policy and regulatory environment and institutional framework for stimulation of innovative technical and financing models for sustainable infrastructure development within all three spheres of government – national, provincial and local.

With regards to demand, infrastructure development and maintenance has been identified as one of the key pillars for economic growth, in particular in the National Development Plan of South Africa and post-COVID-19 recovery plans. In the absence of a specific sector department with the capability to guide its development and implementation, the facility will

be anchored within the National Treasury: International Development Cooperation of South Africa (NT:IDC) with a view to transitioning to another department or the Infrastructure South Africa Agency (ISA) – if more appropriate – after its implementation period. In addition to its key role in infrastructure development in South Africa, NT:IDC is in charge of donor assistance with the objective of ensuring aid effectiveness within the framework of the Paris Declaration.

A key aspiration for the South African Infrastructure Technical Assistance Facility (ITAF) is to create an expert platform dedicated to learning and developing local best practices to support sustainable infrastructure development. The support will be provided under **Key Expected Outputs (EO) 1 – 3**.

- **EO 1:** Improved policy, strategy and regulatory framework, including the analytical - evidence base for sustainable infrastructure delivery;
- **EO 2:** Enhanced capacities, training programmes and expertise resources for evidence-based planning and implementation of innovative financing strategies and environmentally friendly, sustainable and resilient infrastructure;
- **EO 3:** Improved coordination, planning, implementation and accountability mechanisms for infrastructure delivery and alignment with NDP and Agenda 2030.

This action will be implemented in a COVID-19 context and adapted as necessary for a successful completion.

1. CONTEXT ANALYSIS

1.1 Context Description

South Africa faces an infrastructure deficit that, apart from increasing pressure on the fiscus, is specifically linked with implementation challenges, especially at provincial and local government. Lack of implementation results *inter alia* from underspending and insufficient human resource capacities at these levels. Coupled with an overdependence on funding from the fiscus, with little consideration to other financing sources, entities and municipalities have an inability to assure stable and quality basic services, which hamper inclusive growth, local economic development and job creation. In South Africa, which was already in recession when COVID-19 hit, the pandemic has further aggravated the situation in the infrastructure sector and significantly reduced already limited funds and fiscal space.

The pandemic has highlighted underlying inequalities, where more than half of South Africa's population lacks access to piped water, electricity, or safe sanitation in their homes. Women have been revealed to be particularly vulnerable, as the COVID-related lockdown has cast the spotlight on gender-based violence (GBV). Women's security is further placed at risk by a lack of electrification, and their health and hygiene are jeopardised by a lack of access to water and sanitation.

Furthermore, there are huge infrastructure backlogs caused by outdated infrastructure assets, even in the largest state-owned utilities including in the energy and water sectors. New infrastructure builds have often resulted in contention and conflict, as there is insufficient meaningful consultation before implementation begins – with resulting community protests that threaten the success of the infrastructure development. South Africa is the most industrialised country on the African continent, responsible for more than half of Africa's greenhouse gases (GHGs) - mainly due to a heavy reliance on coal; South Africa is also a very resource intensive economy. At the same time, the country holds unmatched potential for renewable energy. South Africa is also particularly vulnerable to climate change – the region is

identified as one of the ten climate hotspots in the world - and a rapid adaptation response is necessary.

The Infrastructure Technical Assistance Facility (ITAF) is meant to precipitate thinking, planning and action around local, innovative models that could bring different approaches to address the ever-growing need for infrastructure in South Africa responding to the needs and interests of all people, including women and groups living in poverty and in more vulnerable situations. The ITAF aims to change the trajectory of infrastructure financing and development by considering how technical and financial innovations can be adapted to South African conditions to solve local challenges. The ITAF also aims to effectively collaborate with other infrastructure programmes in South Africa, such as the Budget Facility for Infrastructure, Infrastructure Fund, and the Municipal Programme Preparation Facility. In addition, the Infrastructure Investment Office (IIO) and the Sustainable Infrastructure Development Symposium (SIDS) is overseen by the Presidency; and the joint EU-Government of South Africa Infrastructure Investment Programme for South Africa (IIPSA) Fund, aimed at enhancing sustainable economic growth and the delivery of key services affecting development in South Africa and in the region.

1.2 Policy Framework (Global, EU)

The action **fully corresponds** with South Africa's **global commitments and the EU strategic goals and priorities**. In particular, the European Green Deal, the Digital Agenda and the 2030 Agenda for Sustainable Development and the Paris Agreement shall be echoed in the Action. South Africa is one of the ten Strategic Partners of the EU and the only one on the African Continent. The action is also well aligned with the European Consensus on Development⁴ that recognises that infrastructures are key development drivers, and that these *“investments and policy reforms must be responsible and inclusive and benefit local populations”*.

South Africa's triple challenge of poverty, inequality and unemployment will be dramatically exacerbated by the expected impact of the COVID-19 crises. Recovery strategies must be inclusive and contribute to reducing poverty and inequality, to enabling a transition to a low carbon economy while protecting the rights of the most vulnerable⁵, leaving no one behind. The action will help develop and prepare quality, reliable, sustainable and resilient infrastructure, with a strong emphasis on digital innovation, that will eventually contribute to human rights and gender equality realisation and to socio-economic growth, generate decent jobs, reduce poverty and increase competitiveness.

Implementing the European Consensus for Development in South Africa merits a more strategic use of blending and innovative financial instruments and engagement with the private sector. With strain on its sovereign investment rating, the cost of finance constrains industrial development and service delivery in South Africa.

At the international level, South Africa is party to both the **Kyoto Protocol** and the **United Nations Framework Convention on Climate Change (UNFCCC)** with commitments under the Cancun Agreement for its greenhouse gas emissions to flatten out and begin to decline reducing emissions of 34% in 2020 and 42% in 2025.

⁴ The new European Consensus on Development 'our world, our dignity, our future', OJ C 210 of 30.6.2017.

⁵ Vulnerable Groups are defined as a part of the South African population that experience a higher risk of poverty and social exclusion than the general population. This sector requires particular effort to be made at all levels of policy planning and implementation to inform amongst other things resource allocation. It includes women, older persons, persons with disabilities, children and youth. (STATS SA Vulnerable group report).

Moreover, in 2016, South Africa ratified the Paris Agreement and aims to limit emissions and adapt to climate change as per its Nationally Determined Contributions (NDCs).

South Africa and the EU are party to the Convention of the rights of persons with disabilities and in particular in this context to its article 9: the Access, on an equal basis with others, to the physical environment, transportation, services, information and communications, and systems and to other facilities and services open or provided to the public infrastructure.

1.3 Public Policy Analysis of the partner country/region

The economic upshot of the COVID-19 pandemic and relevant recovery plans has created an opportunity for key role players in the infrastructure universe to stimulate the economy through infrastructure investment with an estimated need for ZAR 1.5 trillion of infrastructure investment over the next decade in South Africa. The action fully corresponds to South Africa's needs and corresponds to policy basis on socio-economic priorities and infrastructure such as:

National Development Plan (NDP), aimed to reduce poverty and inequality by 2030. This policy document recognises that public infrastructure, particularly that relating to energy, water and transport, enables the economy to grow faster through contributing to raising competitiveness. Furthermore, infrastructure creates decent jobs for low-skilled people and promotes spatial inclusivity. The NDP aims to reach Gross fixed capital at about 30% of GDP by 2030, with public sector investment reaching 10% of GDP, to realise a sustained impact on growth and household services.

New Growth Path (NGP), seeking to shift the economy towards strong, sustained, and inclusive economic growth emphasising on the rebuilding of the productive sectors of the economy. Infrastructure development in particular, featured as a foundation for more jobs and where investing in infrastructure is prioritised as a means towards a more efficient economy.

National Infrastructure Plan (NIP), adopted in 2012 with the intent to transform the economic landscape while simultaneously creating significant numbers of new decent jobs, and to strengthen the delivery of basic services in different infrastructure sectors. The plan also supports integration with the region and the rest of Africa.

Sustainable Infrastructure Development System (SIDS), led by the Presidency, which ensures focus on other dimensions than the transactional component of the infrastructure development. The SIDS methodology relates to the identification, consideration, evaluation, approval and implementation of workable infrastructure in order to ensure bankability. This is expected to be complementary to the overall focus of the ITAF.

Policies and strategies aimed at more **sustainable and climate friendly** economic development, such as the technical paper on Financing a Sustainable Economy (under development) and National Climate Change Adaptation Strategy (the draft Climate Change Bill, the draft National Adaptation Strategy and the draft Low GHG Emission Strategy).

The **Government of South Africa committed to “an environmentally sustainable and equitable transition** to a low carbon economy” as expressed in the National Development Plan 2030.

Relation to the Sustainable Development Goals (SDGs)

A range of SDGs highlights the importance of action in enabling access to infrastructure in specific areas. The objectives of this project are also aligned to the following SDGs: SDG 7 by increasing access to affordable and clean energy; SDG 6 by making access to clean water and sanitation available; SDG 9 by building resilient infrastructure and increasing access to

information and communications technology, including affordable, accessible and sustainable transport systems; SDG 11 to make cities and human settlements inclusive, resilient, safe and sustainable supporting adequate and affordable housing; and SDG 13 on Climate Action. Through SDG 5, emphasis will be on gender equality and the empowerment of women and girls in respect to support participation, access to the training and services of the ITAF, as well as the infrastructure projects that result from the ITAF.

1.4 Stakeholder analysis

The primary stakeholders of the action are the people, women and men living in South Africa as rights-holders, who will have improved access to quality, accessible, appropriate and affordable infrastructures. Women and organisations representing their interests as well as organisation of persons with disabilities will be associated. Since the EU has ratified the Convention on the Rights of the People with Disabilities, specific attention will be paid to the rights, needs and inclusion of persons living with disabilities.

Various institutions in the public sector (duty-bearers), amongst development and international partners, local and international financial institutions, civil society and the private sector all might have a role to play within the ITAF. Such roles may cross the following range 1) supporting ongoing collaboration, consultation and stakeholder engagement in Technical Assistance (TA) activities, 2) supporting the enabling environment around infrastructure, 3) Training and capacity development, 4) Providing expert input to financial and technical research and modelling for infrastructure projects.

Stakeholders in the public sector will be the different divisions within the National Treasury (NT), the Department of Public Enterprises (DPE) (including the state-owned enterprises under its purview), Department of Agriculture, Land and Rural Development (DALRD), Department of Environment, Forestry and Fisheries, Department of Public Works and Infrastructure Development (DPWID). Also included are the Cooperative Governance and Traditional Affairs (GOGTA), the Department of Human Settlements (DHS) and the infrastructure sector departments (Departments of Communications and Digital Technologies, Energy, Transport and Water & Sanitation).

An important public stakeholder is the Presidency, in particular the Presidential Infrastructure Coordinating Commission (PICC), the Infrastructure Investment Office (IIO), the ISA and the ongoing programme of the Sustainable Infrastructure Development Symposium (SIDS).

Municipalities and their representatives, including Municipal Infrastructure Support Agency (MISA), water boards and electricity service authorities are important in trying to coordinate local infrastructure planning and development in an integrated and holistic way.

International partners that have been involved in the infrastructure sectors and will likely add value to the ITAF include Swiss SECO, *Agence française de développement* (AFD), European Investment Bank (EIB), German Development Bank (KfW), International Finance Corporation (IFC) as well as other development finance institutions including African Development Bank (AfDB), Development Bank of Southern Africa (DBSA), New Development Bank (NDB) and World Bank amongst others.

The Department of Women, Youth and Persons with Disabilities might also play a role in the programme.

Amongst those civil society organisations and think tanks that could assist with training and technical support include Trade & Industrial Policy Strategies (TIPS), Local Governments for Sustainability (ICLEI) and International Budget Partnership. Their involvement will also ensure the representativeness of different groups, with no discrimination, including women,

children, and people living with disabilities, and that respective interests are considered at all times.

Private sector firms could either provide consulting services, including research into financing and technical models, and others can be attracted as potential co-financiers into blended solutions once the TA has resulted in quality infrastructure projects ready for financing, provided they are respectful of the UN guiding principles on business and human rights⁶.

1.5 Problem analysis/priority areas for support

The analysis of South Africa's progress towards the **NDP's Vision 2030** relating to public infrastructure delivery has revealed that current levels of public sector expenditure are significantly lower than the 10% NDP target of gross domestic product (GDP) for 2030. Public infrastructure investment is under half this value. The key shortcomings in the South African infrastructure investment landscape that explain the infrastructure deficit are based on the Infrastructure Reform Concept Note, National Treasury (2018), (Figure 1, ANNEX I). These are summed up in the problem statement that the ITAF is expected to address.

Problem statement:

- Weak contract and asset management,
- Weak institutional capacity and lack of the right mix of skills,
- Policy uncertainty and policy environment for infrastructure partnerships not conducive,
- Too few projects reaching bankability,
- Resources not yielding value for money,
- Poor procurement and delivery models,
- Non-conducive environment for partnerships.

In addition, discussions around a reboot of the South African economy in the wake of the COVID-19 pandemic should, necessarily take into account options for a new socio-economic approach, focused on sustainable, environmentally friendly, resilient, inclusive and user-friendly infrastructure. This involves a concerted focus on better people-centred planning across all social and economic infrastructure development and proper accountability to ensure sustainability of resources and projects as well as use innovative funding and technical solutions. This is particularly pertinent where so many South African urban and peri-urban townships and rural settlements do not offer even the most basic infrastructure to communities.

The ITAF aims to support capacities of the government across the infrastructure cycle, with a view to improving the planning frameworks, assisting investors to understand the policy environment; understanding the financing choices, instruments and fiscal framework for infrastructure development, as well as ensuring infrastructure inclusiveness and resilience, and governments transparency and accountability. ITAF aims to assist with coordinating and consolidating processes, as well as working with both the public sector, Development Financial Institutions (DFIs), civil society organisations (CSOs) and the private sector to drive project implementation more effectively and more swiftly.

Priority areas of government that could benefit from ITAF assistance:

Strategic Planning:

- Aligning long-term strategic programme with departmental budget allocations.
- Updating of the costs of long-term infrastructure plans and alignment with NDP, Medium-Term Strategic Framework, and Medium-Term Expenditure Framework.

⁶ https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

- Robust assessments of the infrastructure landscape and bottlenecks, including institutional framework, accessibility, human rights and gender-related aspects and strategic environmental assessments by Environmental Assessment Practitioners Association of South Africa (EAPASA) registered professionals.
- Coordinating across levels of government to ensure that strategic priorities are well aligned.

Enabling environment:

- Whole-of-government approach aimed at effectively identifying and addressing integrity risks.
- Adequate transparency of the procurement framework throughout the infrastructure cycle.
- Infrastructure development involves diverse policy areas, several layers of legislation and regulation across government levels. Ensuring clearer, easier, precise and transparent processes for regulatory could help avoid policy uncertainty.
- Regulated and standardised systems should be established to analyse environmental viability and social/human rights and gender equality impact of alternative investments.
- Consulting experts from public administration and ‘outsiders’ including end user representatives/CSOs to evaluate the pertinence of infrastructure.

Financing, Affordability and Value for Money:

- Financing choices and instruments affect governance. Governments must ensure infrastructure projects are fiscally sustainable, requiring a strong link between the project development and fiscal framework.
- How political economy, government’s capacities, private sector’s capacities impact on the delivery of infrastructure and its impact on service delivery, the economy and livelihoods, and gender equality.
- Data and cost/benefit & multi-criteria analyses and conflict assessment tools in choosing delivery modes.
- Choosing appropriate and accountable delivery model/s based on project/programme size, revenue sources, usage, and risk.

Performance and Resilience:

- Ensure a focus on performance of assets through their lifespan with monitoring systems.
- Development and utilisation of ‘Maintenance Budgeting Guidelines’ to help ensure adequate infrastructure maintenance is planned for and funded through appropriate modalities.
- Taking the economic, environmental and social/human rights/gender costs of critical infrastructure service disruptions into account.
- Defining the policy mix to prioritise cost-effective resilience measures across the infrastructure life cycle.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Eventual political influence on ITAF activities as opposed to being a technical assistance support to the sector. The ITAF may be asked to focus on areas outside the context of what has been agreed, shifting scope and priority.	Low	Clear Terms of Reference (TORs) and set-up of ITAF. An important role of the Programme Steering Committee (PSC) is to share with stakeholders and potential partners the areas of activity and the intended role of the ITAF. It is important that detailed information on the ITAF be made accessible and outreach activities are undertaken as soon after establishment as possible.

Stakeholders in government departments may view the ITAF as an effort by the National Treasury to take over the infrastructure development role.	Medium	National Treasury will need to be as collaborative and transparent as possible in regard to sharing information and access to services that the ITAF offers and ensure that the governance of the programme includes the relevant stakeholders.
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Particular categories of TA for infrastructure programmes may receive precedence as there are greater perceived demands in particular sectors.	High	The risks will be mitigated by engagement of the Technical Experts group and steering role by the PSC in planning/implementing the activities under ITAF mandate. The technical expert groups are comprised of expertise of all different categories.
Limited capacity and political will to address and mainstream gender and human rights aspects. Human rights and gender-blind implementation could reinforce existing inequalities and exclusion and hinder the action's effectiveness and sustainability.	Medium	Analysis of rights holders' needs of the infrastructure development, identifying specific vulnerabilities, will be conducted. Gender mainstreaming will be ensured at all stages. Rights-based approach principles, including governments' transparency and accountability, will be promoted throughout the action. Data will be disaggregated at least by sex and age, and by disability when applicable. The technical assistance and its actions will apply the principle of "Leave no one behind".
Assumptions		
The momentum for an ITAF of this nature will carry through government and the variety of stakeholders – development partners, private sector and civil society, including research and academic institutions. Territorialism governing the infrastructure project preparation field can be overcome to work towards strong collaboration particularly amongst government partners (more details in Logframe Appendix).		

3. LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

Traditionally, the infrastructure sector in South Africa has experienced numerous challenges, which were taken into account in developing this ITAF. These include policy uncertainty, the support for enabling legislation and processes to facilitate the consideration of innovative forms of financing as well as insufficient focus on green/clean, sustainable and resilient infrastructure assets. In addition, challenges at provincial and local government, owing to underspending and insufficient human resource capacities at these levels were considered. Furthermore, lessons learned from the EU-funded programme IIPSA have been taken into account, notably:

- Lack of understanding of blending, financing instruments and feeble use of its instruments (beyond project preparation which has been used without looking at resolving the financing and capacity gaps);
- Overreliance on grant funding, which is currently shrinking;
- Regulatory constraints that may comply with constitutional arrangements, but they rely on support beyond the public sector;
- Weak capacity to plan, implement, govern and manage infrastructure projects;
- Political paralysis and uncertainty complicating decision making within the State.
- Low Development Finance Institutions (DFI) participation.

Furthermore, an extensive research of global facilities, as well as case studies (e.g. World Bank support to the State of Sao Paulo blending facility) was carried out. Key takeaways for South Africa have been reflected in developing ITAF, with particular focus on the assistance aimed at fostering an enabling environment for delivery of infrastructure, namely: consensus-building

for appropriate policy, regulatory and institutional reforms addressing bottlenecks and capacity constraints; identification, development of financing models, structures from private sector; best practice experience and knowledge building among others.

Complementarity, synergy and donor coordination

The ITAF will seek complementarity with the several national infrastructure related facilities within the National Treasury, including Budget Facility for Infrastructure, Infrastructure Fund, and the Municipal Programme Preparation Facility. Moreover, the Presidency oversees the Infrastructure Investment Office as well as the Sustainable Infrastructure Development Symposium (SIDS). The Municipalities, Metros as well as the DBSA are pivotal in the infrastructure investment drive by Government. The ITAF must find practical and positive methods to work with all these initiatives and stakeholders. Synergies will be sought with relevant EU funded programmes, such as IIPSA, in particular by supporting innovative financing, blending/leveraging, ensure compliance of environmental safeguards and additionality.

The main donors in infrastructure sector include the EU countries' DFIs *inter alia* EIB, KfW, and AFD. There are also multilateral development banks including the AfDB, the NDB and the World Bank. At the national level, sovereign donor and EU DFI ODA activities are coordinated by the National Treasury: IDC. Through its operational activities and via the PSC, the ITAF will ensure efforts at complementarity, synergy and donor coordination. At the EU level, donor coordination takes place through the monthly EU Development Counsellors' meetings among others.

4. DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The Overall objective (expected impact) of the project is promote inclusive and sustainable development of South Africa and achieving the SDGs.

The Outcome (specific objective) is improved policy and regulatory environment and institutional framework for stimulation of innovative technical and financing models for sustainable infrastructure development within all three spheres of government – national, provincial and local.

Expected outputs (EO)

- **EO 1:** Improved policy, strategy and regulatory framework, including the analytical - evidence base for sustainable infrastructure delivery;
- **EO 2:** Enhanced capacities, training programmes and expertise resources for evidence-based planning and implementation of innovative financing strategies and environmentally friendly, sustainable and resilient infrastructure;
- **EO 3:** Improved coordination, planning, implementation and accountability mechanisms for infrastructure delivery and alignment with NDP and Agenda 2030.

Indicative activities

EO 1 - Improved policy, strategy and regulatory framework, including the analytical - evidence base for sustainable infrastructure delivery

Activities under this key result area will aim to support government's streamlining of regulations and improving environment for infrastructure investments.

The following, non-exhaustive, list of activities includes activities that will target/benefit all or some of the following: national/provincial departments, and notably Municipalities:

- Supporting government to improve regulations and investors to work through/comply with these administrative and regulatory environment/conditions to allow for infrastructure investments;
- Conducting comprehensive review of the infrastructure sector identifying key implementation shortcomings;
- Supporting integrated sustainable infrastructure development programme, in particular at sub-national level.

EO 2 - Enhanced capacities, training programmes and expertise resources for evidence-based planning and implementation of innovative financing strategies and environmentally friendly, sustainable and resilient infrastructure

Activities under this expected output will aim to support capacity building, coordination initiatives across the infrastructure value chain, focused on innovation in infrastructure developments, including support/structure that assists in delivering sustainable, resilient, environmentally friendly and inclusive infrastructure assets, and responding to the needs and interests of all people, including those in more vulnerable situations. The following, non-exhaustive, list of activities includes activities that will target/benefit all or some of the following: national/provincial departments, and notably municipalities:

- Assess progress, complement or support (ongoing) initiatives to assess competencies and skills requirements amongst infrastructure practitioners within relevant government departments;
- Coordinate and, where relevant, offer training courses that will equip practitioners to participate more effectively in infrastructure planning and delivery;
- Development of capacities by mobilising a group of experts around infrastructure where training materials, skills development institutional capacity for infrastructure development, seminars, webinars, articles and op-eds are produced in order to share amongst infrastructure development stakeholders;
- Training materials, skills development and institutional capacity for infrastructure development that assists in equipping practitioners to participate more effectively in planning and delivery of climate proof and low carbon infrastructure.
- Support, technical advice and - where appropriate - training to assist on improving compliance of environmental safeguards, as well as on climate vulnerability/risk assessments and how to make infrastructure projects more resilient, to stakeholders involved in the infrastructure planning and delivery in the various departments.

EO 3 - Improved coordination, planning, implementation and accountability mechanisms for infrastructure delivery and alignment with NDP and Agenda 2030

Activities under this expected outcome will aim to offer skills development and institutional capacity for practitioners and allow them to participate more effectively in infrastructure planning, operation and delivery, including ensuring a participatory decision-making that impact on inclusive service delivery, facilitate gender equality, economic growth and regional trade.

The following, non-exhaustive, list of activities includes activities that will target/benefit all or some of the following: national, provincial, local government and its entities:

- Support practical plans of action to ensure that integrated planning of various departments is followed by integrated high-standard infrastructure development;
- Progress, complement or support (ongoing) initiatives to assess competencies and skills requirements amongst infrastructure practitioners within relevant government departments;

- Increase public access to accessible and relevant infrastructure investment information and, notably improve monitoring of infrastructure delivery.

Note: inception phase (6 months)

During the first six months after their appointment, the TA to the NT will be responsible for:

- Conducting an analysis to determine what has changed between design and implementation, notably building on a comprehensive review of the infrastructure sector. The analysis should integrate a human rights and gender equality dimension, including focusing on the gaps in access to infrastructures. Should changes be required, these will be presented to the Project Steering Committee and/or NT and the EU for approval.
- Sequencing of activities and producing the overall programme business/implementation plan and the first annual work plan.
- Finalisation of the draft logframe including identification of baselines, revision of indicators (including disaggregated data by sex, age and if possible disability) and determination of realistic targets.

4.2 Intervention Logic

Currently, there is a serious backlog of infrastructure development and maintenance in all infrastructure sectors within South Africa. The causes of this backlog include several factors:

- A lack of strategic planning processes that lead to lack of coordination across different levels of government,
- A regulatory and policy environment that is burdensome for most investors, that results from bureaucratic processes and red tape,
- A shortage of skilled experts with the necessary experience to develop local blending examples that bring together innovative financing and technical models from different institutional sources,
- Existing infrastructure assets are based on archaic models and old carbon-emitting infrastructure and are not fully responsive to inequalities in terms of access and participation.

The ITAF **interventions are aimed** at addressing these shortcomings by:

- Providing capacity support to assist government at all levels and its entities to operate within a manner that allows for the delivery and maintenance of infrastructure within the respective capacities and mandate, aligned to the NDP and the achievement of the SDG.
- Supporting government to recognise and improve regulations and supporting investors to work through/comply with these administrative and regulatory environment/conditions to allow for infrastructure investments
- Coordinating and supporting capacity-building initiatives across the infrastructure value chain. Introducing technical assistance that is focused on innovation in infrastructure developments, and support structures that assist in delivering green, clean, inclusive, sustainable and resilient infrastructure assets.

The **expected change** with assistance of ITAF:

- Government works more collaboratively and efficiently on infrastructure where appropriate departmental leadership is respected, and roles and accountability are clearly defined;
- The key actors involved in infrastructure development have built capacity in the form of knowledge, tool and instruments as well as socio-economic impact of infrastructure, that can address stalled infrastructure development to implement (sustainable) projects (including regional);
- A valuable repository of pertinent and useful resources are accumulated for applied use *inter alia* for training, handbook development and future projects;

- Capacity of government officials and the associated government institutions are improved, as they become proficient and accountable in driving the country's infrastructure development agenda.

An indicative Logframe Matrix is attached in Appendix to this Action Document.

4.3 Mainstreaming

The country is offered an opportunity to rethink and reinstitute sound socio-economic principles, based on principles of human rights and economic justice (including future sustainability) that could bring about positive shifts in the South African social economy. A rights-based approach will be applied at all stages to assure no one is left behind and that the action will reach out to the populations living in the most vulnerable situations. The key principles of this approach - non-discrimination, transparency, participation and accountability – will be ensured during the implementation of the action and the infrastructure development. Private sector interventions will be in line with the UN Guiding Principles on Business and Human Rights.

The ITAF will focus on technical assistance, aiming at addressing capacity constraints that affect infrastructure projects and delivery across marginalised communities in urban, peri-urban and rural areas that live in poverty, as well as projects that will impact on people's well-being, economic growth and trade facilitation. Accessibility by all users must be prioritised for programmes focused on basic sustainable and resilient infrastructure services in water and sanitation; healthcare; transport and digital communication. Further, emphasis on supporting structures that assist in delivering the highest environmental and social standards will add to the number of high-impact green infrastructure projects, providing models with potential for replication and contributing to further consolidate a culture of environmental and social safeguards in South Africa.

An emphasis on assistance in the areas of the highest environmental and social standards will contribute to further consolidate a culture of environmental and social safeguards in South Africa. The role of women and girls is to be considered at all times in an effort to address SDG 5, Achieving gender equality and empower all women and girls. This is the case insofar as all the related infrastructure sectors, but also in respect of the beneficiaries who receive services and training from the ITAF. Well-designed⁷, appropriately located and affordably priced infrastructure can be a powerful tool in the pursuit of gender equality, reducing inequality, empowering elderly and persons with disabilities and improving social cohesion.

4.4 Contribution to Sustainable Development Goals (SDGs)

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG(s), in particular:

SDG 5 - Achieve gender equality and empower all women and girls

SDG 6 – Ensure access to water and sanitation for all

SDG 7 - Ensure access to affordable, reliable, sustainable and modern energy

SDG 9 - Build resilient infrastructure, promote sustainable industrialisation and foster innovation

SDG 11 - Make cities inclusive, safe, resilient and sustainable

SDG 13 – Combating climate change and its impacts

⁷ Including Universal/ inclusive design principles: https://en.wikipedia.org/wiki/Universal_design

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the Republic of South Africa.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 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 responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation of the budget support component

N.A.

5.4 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.⁸

5.4.1 Procurement (direct management)

A part of this action, with the objective to conduct studies or reviews in the infrastructure sector (Results 1, 2 and 3) may be implemented in direct management. Those studies or reviews could, for instance, help evaluate the procedures, tools, decision-making, or monitoring processes used by the government to provide infrastructure assets and services to the public; help identify reform priorities; and devise practical steps for their implementation.

Subject	Indicative type (works, supplies, services)	Indicative period of launch of the procedure
Studies/reviews in the infrastructure sector	Service	1 st or 2 nd quarter of 2022

5.4.2 Indirect management with the partner country

A part of this action with the objective of supporting to unblock infrastructure development may be implemented in indirect management with the Government of South Africa according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex- ante all the procurement and grant procedures.

Payments are executed by the Commission.

The partner country shall apply the Commission's rules on procurement and grants. These rules will be laid down in the financing agreement to be concluded with the partner country.

⁸ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

(a) Overview of implementation

Subject	Indicative type (works, supplies, services)	Indicative trimester of launch of the procedure
Infrastructure Technical Assistance Facility	Services	2 nd or 3 rd quarter of 2021

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement 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 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)
Output 1 - Improved policy, strategy and regulatory framework, including the analytical - evidence base for sustainable infrastructure delivery composed of:	2 200 000
5.4.2 Indirect management with the partner country	2 000 000
5.4.1 Procurement (direct management)	200 000
Output 2 -Enhanced capacities, training programmes and expertise resources for evidence-based planning and implementation of innovative financing strategies and environmentally friendly, sustainable and resilient infrastructure composed of:	2 500 000
5.4.2 Indirect management with the partner country	2 300 000
5.4.1 Procurement (direct management)	200 000
Output 3 - Improved coordination, planning, implementation and accountability mechanisms for infrastructure delivery and alignment with NDP and Agenda 2030 composed of:	3 600 000
5.4.2 Indirect management with the partner country	3 500 000
5.4.1 Procurement (direct management)	100 000
5.9 Evaluation, 5.10 Audit/Expenditure verification	300 000
5.11 Communication and visibility	250 000
Contingencies	150 000
Total	9 000 000

5.7 Organisational set-up and responsibilities

In the absence of a specific sector, department with the capability to guide its development and implementation, the facility will be anchored within the National Treasury: International

Development Cooperation of South Africa (NT:IDC) with a view to transitioning to another department – if more appropriate – after its implementation period. Special attention will be given to ISA as a possible new anchor for this facility. From the very beginning ISA will be part of the governance structure of this facility. In addition to its key role in infrastructure development in SA, NT:IDC is responsible for ODA coordination in SA, which will ensure that the use of these funds aligned with the objective of ensuring aid effectiveness within the framework of the Paris Declaration.

Programme Steering Committee to meet 3 times a year

The Programme Steering Committee (PSC) is the ITAF's ultimate decision-making body. It must consist of stakeholders (and alternates) who are the senior decision-makers of their respective institutions. The NT:IDC is considered the most appropriate government department to chair the PSC. It is advised that a minimum of four other members should make up the full complement of the PSC, including senior representation from the Presidency; DPE; DPWI, infrastructure researcher/ academia/ civil society organisations representing women and specific groups, and the EU as a non-voting member.

Technical Experts Group

Apart from the institutions represented in the PSC, other institutions/departments should be included to provide practitioner-related input into the key areas of activity in the Technical Experts Group of the ITAF made up of the PSC institutions, as well as other government departments, such as Agriculture, Land Affairs and Rural Development and Human Settlements, the Sectoral Departments (Energy, Water & Sanitation, Transport and Communications and Digital Technologies) as well as the agreed municipalities representative (Department of Cooperative Governance and Traditional Affairs (COGTA) and Municipal Infrastructure Support Agency (MISA)), development financial institutions, expert infrastructure and sector researchers from civil society and academia will be invited. It may also invite EU, other partners and other experts with regards to topics in the agenda. The expert group will be composed to include as wide expertise as possible and a gender balance will be sought.

NT:IDC and the international service provider

A support team will be appointed following the selection of a service provider, through an international tender. This team will assist NT:IDC and, where relevant, the EU Delegation during the implementation of this programme. The service provider will provide technical assistance services (key and non-key short and long-term technical advisors with experience in capacity building, investment or infrastructure development fields, among others). The service provider could also provide secretarial tasks for the PSC and/or Technical Experts Group (TEG). As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5.8 Performance and Results 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 (National Treasury). To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and 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 (disaggregated by gender and age at least, and other categories as are relevant as well as gender sensitive indicators), using as reference the Logframe matrix. All monitoring and reporting shall assess how the action is contributing to the realisation of human rights and the Agenda 2030, and contributing to gender equality, for which SDGs and GAP II⁹ indicators will be privileged.

Reports 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).

5.9 Evaluation

Having regard to the importance of the action, a mid-term and 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, with respect to understanding whether the ITAF has begun to gain traction in the infrastructure sectors.

The 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 first five-year period was a pilot that will likely be a durable institutional process for South Africa's ongoing infrastructure development environment.

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.

Evaluation services may be contracted under a framework contract.

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.

It is foreseen that audit services may be contracted under a framework contract.

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

⁹ Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020, SWD(2015)182 final of 21.9.2015

on a specific Communication and Visibility Plan of the Action and its broad sectors of intervention, to be elaborated at the start of implementation.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union.

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 Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that a contract for communication and visibility may be contracted under a framework contract.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ¹⁰

On the basis of this indicative logframe matrix, a more detailed logframe(s) might be developed at contracting stage linked to this AD.

The indicative logframe matrix will evolve during the lifetime of the Intervention. The activities, the expected outputs and related indicators are indicative and may be updated during the implementation of the Intervention as agreed by the parties (the European Commission and the implementing partner/s).

The logframe matrix must be used for monitoring and reporting purposes. At the latest in the first progress report, implementing partner/s should include the complete logframe including all baselines and targets for each indicator). Each progress report should provide the most up to date version of the logframe as agreed by the parties (the European Commission and the implementing partner/s) with current values for each indicator. The final report should enclose the logframe with baseline and final values for each indicator.

Indicators to be presented, when possible, disaggregated by sex, age, urban/rural, disability, any disadvantaged group, income quintile etc.

Additional notes: The term "results" refers to the outputs, outcome(s) and impact of the Action. Assumptions should reflect risks and related management strategies identified in the Risk analysis. > <https://europa.eu/capacity4dev/results-and-indicators/99824/results-indicators>

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	Promote inclusive and sustainable development of South Africa and achieving the SDGs.	Status of targeted SDGs, notably 5-7, 9, 11, 13 in South Africa	National tracking and follow-up of a selection of SDG indicators: https://www.goaltracker.org/countries/southafrica Relevant Government Reports SDG Country report for SA http://www.statssa.gov.za/MDG/SDGs_Country_Report_2019_South_Africa.pdf	<i>Not applicable</i>

¹⁰ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

Outcome(s) (Specific Objective(s))	<p>Improved policy and regulatory environment and institutional framework for stimulation of innovative technical and financing models for sustainable infrastructure development within all three spheres of government – national, provincial and local.</p>	<ul style="list-style-type: none"> ▪ Status of an intergovernmental coordination framework for policy, regulations and technical support ▪ Status of sound policies, strategies and reforms developed in ITAF focus areas ▪ Level of technical capacity and knowledge of institutions and stakeholders concerned across infrastructure value chain ▪ Level of investment in infrastructure (% of GDP) ▪ Status of harmonisation of the infrastructure investment long-term strategy and the MTEFs 	<p>Presidential State of the Nation Addresses (SONA)</p> <p>National Treasury Budgets, and Medium-Term Budget Policy Statement.</p> <p>Stats SA quarterly and annual reports, with particular focus on relevant NDP indicators (gross fixed capital formation (GFCF) as % of GDP)</p> <p>ITAF reporting</p> <p>Investor surveys</p> <p>National Treasury MTEF</p> <p>World Bank Doing Business Indicators</p>	
Outputs	<p>EO 1: Improved policy, strategy and regulatory framework, including the analytical - evidence base for sustainable infrastructure delivery;</p> <p>EO 2: Enhanced capacities, training programmes and expertise resources for evidence-based planning and</p>	<p>EO 1 a. Status of the comprehensive infrastructure sector assessment(s)</p> <p>EO 1 b. Status of draft policy and strategy programmes with a focus on the sub-national level</p> <p>EO 1 c. Status of a regulatory simplification and accomplishment package aimed at sustainable, inclusive, environmentally friendly and resilient infrastructure development</p> <p>EO 1 d. The status of an awareness building for potential investors on the simplified regulatory framework and improved policy framework enabling stable and longer-term partnerships</p>	<p>Reports of the relevant bodies and the National Treasury</p> <p>ITAF reporting</p> <p>Official Journals</p> <p>Adoption procedures and decision</p> <p>Records of presentation and discussion on policies and programmes on ITAF focus areas</p> <p>ITAF Training and awareness session records, feedback and lists of participants</p>	<p>Stakeholders open to collaboration with government departments, agencies, as well as local and international DFIs and donors, civil society partners they do not traditionally work with.</p> <p>The infrastructure assessment is efficiently used for an evidence-based long-term policy and strategy and harmonisation with the MTEFs.</p>

	<p>implementation of innovative financing strategies and environmentally friendly, sustainable and resilient infrastructure;</p> <p>EO 3: Improved coordination, planning, implementation and accountability for infrastructure delivery and alignment with NDP and Agenda 2030</p>	<p>EO 2 a. Number of participants benefiting from ITAF programmes/capacity building [disaggregated by sector, province, type of organisation and gender]</p> <p>EO 2.b. Number of municipalities reached through project activities</p> <p>EO 2.c. Number of trainings/capacity development programmes implemented [disaggregated by topic, sector]</p> <p>EO 3. a. Status of system for planning, budgeting and accountability for infrastructure delivery in line with NDP and Agenda 2020</p> <p>EO 3. b. Status of mechanism for public access and monitoring of infrastructure delivery</p> <p>EO 3. c. Number of infrastructure projects reaching bankability and/or implementation stage [disaggregated by sector, sustainability and SDG parameters]</p>		<p>The regulatory simplification package is efficiently developed at the government and legislature, following public discussions and investor survey</p> <p>There is an efficient follow-up on the investor survey and continuous liaison with them.</p> <p>The training programmes are retained and further applied in the beneficiary institutions</p> <p>The trained professionals are retained</p> <p>The system of infrastructure planning is supported by relevant legal acts</p> <p>The infrastructure project pipeline is continuously harmonised with multi-annual budgetary and public investments planning</p>
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