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ANNEX 2

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Republic of South Africa for 2025

Action Document for Enabling the Just Energy Transition through Job creation and Public Financial Management

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

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Enabling the Just Energy Transition through Job creation and Public Financial Management OPSYS number: ACT-63022 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in the Republic of South Africa
4. Programming document	Multi-Annual Indicative Programme 2021 – 2027, Republic of South Africa
5. Link with relevant MIP(s) objectives / expected results	MIP 2021-2027 priority area 2: Reducing Inequalities and area 3: Partnerships
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority areas 2 and 3
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): 8 – Decent work and economic growth Other significant SDGs (up to 9) and where appropriate, targets: SDG 10. Reduction of Inequalities SDG 13 – Climate action
8 a) DAC code(s)	32130 - Small and medium-sized enterprises (SME) development (75%) 15111 – Public Finance Management (15%) 24020 - Monetary Institutions (10%)
8 b) Main Delivery Channel	1000 Public Sector Institutions

9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	11. Internal markers and Tags	Policy objectives	Not targeted	Significant objective
Digitalisation @		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services		YES <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
Migration @		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Reduction of Inequalities @		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Covid-19		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line: 14.020122			

	<p>Total estimated cost: EUR 26 000 000</p> <p>Total amount of EU budget contribution EUR 26 000 000 of which:</p> <ul style="list-style-type: none"> - EUR 20 000 000 for budget support and - EUR 6 000 000 for complementary support
MANAGEMENT AND IMPLEMENTATION	
13. Implementation modality	<p>Direct management through:</p> <ul style="list-style-type: none"> - Budget Support: Sector Reform Performance Contract - Procurement <p>Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.2.</p>

1.2 Summary of the Action

The energy transition in South Africa is poised to have significant social and economic repercussions, given the nation's heavy reliance on coal. To mitigate the negative impacts of this transition on coal-dependent communities and associated economic sectors, it is imperative to ensure that the process is gender responsive, equitable and inclusive. Central to this objective is equipping affected individuals with the necessary skills and economic opportunities to not only preserve their livelihoods but to enhance them and enable them to participate in the shift to the production or services of other energy forms, like renewable energy, or the development of CRM value chains. In addition, special attention must be paid to not create, exacerbate or perpetuate gender-related inequalities and segregation and to promote a just transition for all without leaving anyone behind. This approach is particularly critical in a context marked by high unemployment rates and widening inequality.

The proposed action represents a strategic contribution by the European Union (EU) to South Africa's efforts in managing a smooth and equitable energy transition. By supporting workers, youth and women in accessing new opportunities within the green economy, the EU seeks to facilitate the creation of sustainable and decent employment. Additionally, the proposal aims to establish an enabling environment for the implementation of the Just Energy Transition, with a particular focus on (but not limited to) the provinces most directly impacted. This includes fostering a conducive financial and institutional framework to drive the effective transformation towards a green energy sector, also by linking in relevant Erasmus + projects aiming at enhancing employability in the field of renewable energies and those developing a university-wide culture of entrepreneurship and innovation).

These enabling measures — centered on decent job creation, capacity building, good governance and support to public finance management—are integral to the EU's broader approach to supporting South Africa's Just Energy Transition (JET). They are aligned with the prioritization of critical value chains and the overall goal of achieving a sustainable, gender-transformative, inclusive, and transformative shift in South Africa's energy landscape.

This action will consist of two pillars: (1) budget support and (2) complementary support aimed at enhancing governance and public finance management instrumental to the implementation of JET-P (Just Energy Transition Partnership).

- Pillar 1: Contribution to the Jobs Fund (a specific JET window) through a sector performance reform contract (SRPC). The Jobs Fund is directly managed by the National Treasury, which has also committed (approximately) ZAR 400 million annually (approx. EUR 20 million) while the EU is pledging an additional similar amount for the duration of the programme (60 months).
- Pillar 2: Governance, PFM and Green Finances related monetary policies as complementary support.

1.3 Zone benefitting from the Action

The action will be implemented in the Republic of South Africa included in the list of ODA recipients. For the main part (budget support) of this action, the final beneficiaries will be located in the provinces and municipalities most affected by the Just Energy Transition. The geographic focus will be mainly, but not exclusively, on the four provinces of the North-South Corridor: KwaZulu-Natal, Mpumalanga, Gauteng and Limpopo. The complementary measures are mostly oriented towards the public finance management (PFM) and will have a national outreach.

2 RATIONALE

2.1 Context

The Just Energy Transition Partnership (JETP) was launched by President Ramaphosa at the UN Climate Conference in 2021 as a transformative initiative to transition South Africa from a coal-dependent energy system to a greener, more sustainable infrastructure. The partnership initially secured substantial financial commitments from international donors, amounting to \$8.5 billion, which was later increased to \$12.5 billion. This funding aims to catalyse investments in renewable energy, electric vehicles, and the green hydrogen industry, **while also addressing the socio-economic impacts of the transition on coal-dependent communities.**

The shift to a greener energy system carries profound implications for the job market, particularly in provinces heavily reliant on coal mining. The first pillar of this action seeks to mitigate the negative consequences of the energy transition on the labour market in affected provinces and communities, while also leveraging opportunities generated by the transition. These opportunities include the creation of new decent jobs in the renewable energy sector, in particular for women, such as those in the burgeoning green hydrogen industry. Jobs within the green energy transition can also be linked to developing new CRM value chains.

South Africa's coal industry currently provides direct employment to approximately 100,000 workers, with many more jobs indirectly tied to the industry. As coal mines and coal-fired power plants are decommissioned, tens of thousands of workers face the risk of displacement. This is particularly concerning in rural areas, where alternative employment opportunities are limited. The potential loss of coal-related jobs could lead to widespread poverty, increased migration, and social instability in these regions, further exacerbating existing inequalities. In this context, the political and ideological contestations surrounding the JETP cannot be overlooked. Resistance to the transition from coal-fired power plants and related industries stems from fears of economic decline and job losses.

However, a 360 degree approach to the JETP also holds the potential to offset these challenges by generating significant employment opportunities for decent work and livelihoods, while protecting and promoting human rights and gender equality and minimizing and mitigating negative impacts on people and the planet. The renewable energy sector—including solar, wind, and green hydrogen—has the capacity to create between 300,000 and 400,000 jobs over the next decade. These positions will span various roles, including construction, manufacturing, operations, and maintenance of renewable energy infrastructure. Nevertheless, many of these new jobs require specialized skills that are not readily available among displaced coal workers or unemployed youth. Without substantial investment in reskilling and upskilling programs, the benefits of the energy transition risk bypassing vulnerable populations and women. Investment in CRM value chains can also create new jobs in South Africa by supporting the green energy transition through sustainable mining, processing, and recycling practices linked to the global energy transition.

Another critical issue is the under representation of women in the renewable energy sector, particularly in technical and managerial roles. Addressing this imbalance will require targeted interventions under the Jobs Fund aimed at training and employing women in green industries, ensuring inclusivity and equity in the transition process. The second pillar of this action focuses on enhancing governance and public financial management (PFM) at both national but primary at municipal levels. Strengthening institutional capacity is a critical factor for ensuring the successful implementation of the JETP, as effective governance will be pivotal in driving the transition forward.

This action constitutes part of the enabling measures under the **360° approach** required for the successful implementation of the **Global Gateway Strategy in South Africa**, which aims to foster investments in support of a just energy transition. These investments include key components of the green energy value chains, particularly green hydrogen and Critical Raw Materials (CRM).

Finally, this action will contribute the MIP 2021-2027 priority area 2: Reducing Inequalities and priority area 3: Partnerships

The Action will contribute to EU's Action Plan on Gender Equality and Women's Empowerment in External Relations 2020–2025 (GAP III), especially to its Thematic Areas of Engagement “Promoting economic rights and empowering girls and women” and “Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation”. The last is one of the key priorities of the GAP III Country Level Implementation Plan (CLIP) for South Africa.

2.2 Lessons learnt

South Africa has over 20 years of experience utilising budget support as an aid modality. The National Treasury International Development Cooperation (NT:IDC) has developed nine guidelines and manuals to manage EU Budget Support Programmes effectively and align budget support funds with South African priorities within the public sector management system. Beneficiary departments have become familiar with the operational procedures, fund release requirements, and reporting mechanisms. Several evaluations have shown that most programmes were successfully implemented, achieving the intended outputs and impacts.

However, in recent years, the triangular relationship and working arrangements between NT:IDC, the beneficiary department(s), and the EU Delegation have deteriorated leading to adverse effects on performance. Delays in fund releases—sometimes exceeding one year—were caused by a combination of factors, including human resource limitations, time constraints, and misunderstandings of the Budget Support guidelines and manuals.

To address these challenges and eliminate bottlenecks, the National Treasury and the EU Delegation decided to streamline their relationship by excluding the involvement of third parties such as line departments or agencies. Under this new approach, the National Treasury/GTAC will serve as the sole counterpart of the Delegation. This modus operandi is expected to enable more straightforward and timelier implementation, enhance and structure policy dialogue, and undoubtedly reduced transaction costs for both parties.

The programme will also align with and reinforce South Africa's five guiding principles for Official Development Assistance (ODA): innovation, piloting and testing, risk mitigation (to attract investment in SME initiatives), fostering catalytic initiatives, promoting best practices, and transferring skills and capacities. The funds allocated to this programme will not be used to cover financing gaps but will instead be blended with matching allocations from the National Treasury.

In terms of implementing complementary measures, it is worth noting the long-standing (over 25 years) partnership with the National Treasury on capacity development in public finance management. The NT's Capacity Development Directorate is responsible for coordinating, supervising, and reporting all donor support in this area. This management system has proven to be both efficient and effective. The Directorate convenes regular meetings at the project and at the policy level with all donors involved. The projects implemented with Southern Africa-Towards Inclusive Economic Development (SA-TIED), the Delegation having co-financed Phase II of this programme, and with the South Africa Reserve Bank (SARB) will follow similar approaches

Quantifying results in public finance management has always been a complex task. Consequently, developing a robust monitoring and evaluation and learning system based on objectively variable indicators or KPIs will be essential to track progress and measure outcomes.

2.3 Problem Analysis

South Africa has a severe unemployment crisis, with one of the highest rates globally. The latest quarterly labour force survey (LFQS) published in November 2024¹ by Stats SA is very telling in that regard. The official unemployment rate stands at 32.1%, while the expanded definition, which includes discouraged job seekers, exceeds 43%. These figures highlight a deeply entrenched structural issue in the labour market, driven by factors such as low economic growth, skills mismatches, and systemic inequality.

Unemployment in South Africa reveals significant dimensions:

- Age-based challenges - the unemployment crisis is particularly dire among the youth:
 - **Youth unemployment is staggering:** For individuals aged 15-24, the unemployment rate exceeds **60%**, making South Africa one of the worst countries globally for youth joblessness. This generation faces barriers such as inadequate access to quality education, skills mismatches, and limited entry-level opportunities.
 - **Discouraged youth:** Many young people lack education, employment, or training (NEET). This group is at risk of long-term economic exclusion, perpetuating cycles of poverty.
 - **Older workers:** Those nearing retirement age also face challenges, particularly in industries undergoing structural changes, such as mining and manufacturing. Without access to retraining, these workers are often unable to transition to new industries.

¹ [P0277September2024.pdf](#)

Gender dimension:

Women in SA continue to shoulder a disproportionate burden of unemployment, underemployment, and lower workforce participation compared to men. Women, irrespective of their educational background—whether they have less than a matric certificate, a matric certificate, other tertiary qualifications, or a graduate degree—consistently face higher unemployment rates compared to men².

Climate vulnerability:

Natural hazards in South Africa (e.g. droughts, floods, storms) have led to significant social and economic losses, which is anticipated to exacerbate as consequence of climate change. During the period of 1900-2017, above 100 disaster events were reported, resulting in 2200 deaths as well as 21 million affected and totaling roughly US\$4.5 billion monetary loss. All states in the Southern African sub-region face the challenges of rural and urban poverty, limited water or access to water resources, food insecurity, and other development challenges. Thus, although countries of the sub-region may have differing developmental priorities, they often face similar risks due to climate change and may also have similar adaptation needs. South Africa strives to develop climate change adaptation strategies based on risk and vulnerability reduction, in collaboration with its neighbours where appropriate, and seek to share resources, technology and learning to coordinate a regional response. A leading international assessment of the effects of climate change on the global economy, the Stern Review, estimates that damages from unmitigated climate change could range between 5% and 20% of global Gross Domestic Product (GDP) annually by 2100. In the absence of effective adaptation responses, such levels of damages would certainly threaten and even reverse many development gains made in South Africa. Future climate trends are uncertain and the uncertainty rises steeply over the longer-term.

Through the National Treasury, the Jobs Fund leverages public-private partnerships to create sustainable jobs and foster an environment that promotes equal access to resources. The Fund prioritises women and youth, empowering them with the skills they need to enter the labour force or grow their businesses³. **The implementation of the Just Energy Transition Partnership will put considerable pressure on the job market.** South Africa's energy transition—from coal to renewable energy—is essential for addressing climate change and ensuring long-term energy security. However, this shift carries profound implications for the job market, particularly in a country heavily reliant on coal mining.

- **Coal as a cornerstone of employment:** South Africa's coal industry directly employs approximately **100,000 workers**, with many more jobs dependent on the industry indirectly. These jobs are concentrated in regions like Mpumalanga, where entire communities rely on coal mining for their livelihoods.
- **Risk of large-scale job losses:** As coal mines and coal-fired power plants are decommissioned, tens of thousands of workers face displacement. This is particularly concerning in rural areas, where alternative employment opportunities are limited.
- **Social impacts:** The loss of coal jobs could lead to widespread poverty, migration, and social instability in affected regions, exacerbating existing inequalities.

However, the JETP will also **generate substantial job opportunities**, opportunities that cannot be missed or wasted. This is the gist of the proposed action.

- **Job creation potential:** The renewable energy sector, including solar, wind, and green hydrogen, has the potential to create 300,000-400,000 jobs over the next decade. In addition, new jobs can be created in CRM value chains contributing to the green transition. These opportunities include roles in construction, manufacturing, processing and operations, and maintenance of renewable energy infrastructure.
- **Skills gap:** However, many of these new jobs require specialized skills that are not readily available among displaced coal workers or unemployed youth. Without significant investment in reskilling and upskilling programs, the benefits of the energy transition may bypass vulnerable populations.
- **Gender disparities:** Women are underrepresented in the renewable energy sector, particularly in technical and managerial roles. Addressing this imbalance will require targeted interventions to train and employ women in green industries.

² <https://www.statssa.gov.za/?p=17501>

³ <http://www.jobsfund.org.za/WomenBreakingBarriers.aspx>

Stakeholders:

The implementation of the **Just Energy Transition** in South Africa involves a wide range of stakeholders, given its complex and multi-dimensional nature. These stakeholders include public, private, and community actors, each playing a critical role in ensuring the success of the transition. Below are the main stakeholders:

The primary counterparts of this action will consist of the National Treasury (NT) and NT's Government Technical Advisory Centre (GTAC) who will be managing this project as well as the NT-Capacity Development, the South Africa Reserve Bank (SARB) and the SA-TIED project (located at the National Treasury) for the complementary PFM, Climate Change monetary policies and Data Management measures.

Brief overview of the JETP stakeholders:

National Government:

- **Department of Mineral Resources and Energy (DMRE):** Responsible for energy policy, regulation, and oversight of the energy sector.
- **Department of Environment, Forestry, and Fisheries (DEFF):** Addresses environmental aspects of the transition and compliance with climate change commitments.
- **National Treasury:** Allocates funding for transition projects and manages international financing agreements. Hosts the NT-SDF.
- **Department of Public Enterprises (DPE):** Oversees state-owned enterprises, such as Eskom, which is central to the energy transition.
- **Department of Trade, Industry, and Competition (DTIC):** Supports industrial development aligned with the JET.
- **Department of Women, Youth and Persons with Disabilities** leads on socio-economic transformation and implementation of the empowerment and participation of women, youth and persons with disabilities.

Provincial and Local Governments to facilitate implementation at regional and municipal levels, particularly in coal-dependent provinces like Mpumalanga and others.

State-Owned Enterprises (SOEs):

- Eskom: Plays a pivotal role in transitioning from coal-based energy to renewable sources and managing the social impacts on workers.
- Transnet: May be involved in energy-related logistics and infrastructure adjustments.
- Other SOEs: Development finance institutions like the Industrial Development Corporation (IDC) and the Development Bank of Southern Africa (DBSA) provide financial and technical support.

Private Sector

Energy Companies

- Renewable energy developers and companies investing in solar, wind, and other clean technologies.
- Companies operating coal mines and fossil fuel plants, which need to transition to sustainable practices.

Financial Institutions

- Local and international banks, financial intermediaries and investment funds that finance renewable energy projects.
- Multilateral organizations, such as the EIB, European DFIs WB and AfDB, which provide concessional loans and grants for JET projects.

Industries Affected by Transition

- Coal mining and energy-intensive industries (e.g., steel, cement, chemicals) that need to adapt to the new energy landscape.
- Micro, small, and medium enterprises (MSMEs) that will be part of the supply chain for renewable energy development and that respect the guiding principle on business and human rights⁴

⁴ https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf

Organized Labour and Workers

- **Trade Unions: National Union of Mineworkers (NUM) and National Union of Metalworkers of South Africa (NUMSA)** represent workers in the coal and energy sectors. They advocate for worker protections, retraining, and reskilling programs to minimize job losses.

Civil Society and Community Based Organizations: Particularly those in coal-mining regions like Mpumalanga and Limpopo, who are directly impacted by the transition and including women's organizations and organizations of people with disabilities.

2.4 Additional Areas of Assessment

2.4.1 Public Policy

The Just Energy Transition Partnership in South Africa⁵

The global climate crisis and increasing energy demands have pressured countries to transition to sustainable, low-carbon energy systems. A **"Just Energy Transition" (JET)** represents a shift to clean energy while ensuring fairness, equity, and inclusion for workers and communities that depend on fossil fuel industries. South Africa, as one of the most coal-dependent economies in the world, finds itself at the forefront of this transformation. However, its energy landscape is intertwined with profound socioeconomic challenges, including unemployment, poverty, and inequality.

The Just Energy Transition in South Africa aims to address the dual challenges of decarbonization and social justice. By transitioning to renewable energy sources, South Africa hopes to meet its international commitments under the Paris Agreement while ensuring the shift does not exacerbate existing inequalities. Given the historical dependence on coal for employment and energy security, South Africa's JETP must be carefully managed to minimize disruption and maximize opportunity.

In addition, a growing body of data and evidence underscores the necessity of incorporating gender equality considerations in just transition policies and initiatives. To be truly equitable, inclusive and fair, a just transition must take a human rights-based, intersectional approach with social protection and care at the centre⁶.

Energy Landscape in South Africa

South Africa's energy system is mainly coal-dependent, making it one of Africa's largest emitters of greenhouse gases (GHGs). Around 80% of South Africa's electricity is generated from coal-fired power plants, operated predominantly by Eskom, the state-owned power utility. This heavy reliance has resulted in significant environmental and health costs, with air and water pollution being major concerns in coal-producing areas like Mpumalanga.

The country's coal industry is deeply tied to its economy and labour market. South Africa is the world's seventh-largest coal producer, and coal mining employs approximately 100,000 workers. Beyond direct employment, coal indirectly supports communities that rely on industry for economic activity. However, the environmental impact of coal has led to growing international and domestic pressure for South Africa to decarbonize its economy and adopt cleaner energy alternatives.

South Africa has committed to reducing its GHG emissions in response to the global call for climate action. As part of its Nationally Determined Contributions (NDCs) under the Paris Agreement, the country aims to peak emissions by 2025 and reduce reliance on coal power. Yet, the transition must account for the socioeconomic realities, as abrupt decarbonization could worsen poverty and inequality for coal-dependent communities.

The Just Energy Transition Partnership (JET)

The Just Energy Transition (JET) partnership is South Africa's response to the urgent need for decarbonization while ensuring no one is left behind. At its core, the JET seeks to balance the transition to renewable energy sources with socioeconomic justice. It acknowledges that a transition from coal cannot come at the expense of workers and vulnerable communities.

⁵ <https://justenergytransition.co.za/>

⁶ [A Gender-responsive just transition for people and planet, UNWOMEN 2024](#)

The programme has three key goals:

- **Decarbonization:** Gradually reducing South Africa's dependence on coal and shifting toward renewable energy sources such as solar, wind, and green hydrogen.
- **Job Creation and Skills Development:** Ensuring that job losses in the coal sector are mitigated through reskilling, upskilling, and creating new employment opportunities in renewable energy, manufacturing, and infrastructure.
- **Energy Security and Inclusivity:** Promoting an energy mix that ensures reliable and affordable energy access while addressing the historical energy inequalities in many marginalized communities.

The JETP is a collaborative effort involving the South African government, Eskom, labour unions, business leaders, civil society organizations, and international partners⁷. The Presidential Climate Commission (PCC) facilitates dialogue and drives the JET framework forward.

The Jobs Fund⁸

The Jobs Fund, launched in June 2011 with an initial budget of R9 billion, aims to co-finance projects with public, private, and non-governmental organizations to enhance job creation in South Africa. Its focus is on using public funds to catalyse innovation and investment, addressing unemployment by overcoming barriers to job creation related to labour demand, supply, and institutional challenges.

The Jobs Fund complements these efforts rather than directly addressing structural causes of unemployment or replicating existing initiatives. It operates through four funding windows: Enterprise Development, Infrastructure Investment, Support for Work Seekers, and Institutional Capacity Building. These interventions encourage innovation, risk-taking, and the exploration of new approaches with a pro-poor focus on sustainable job creation and long-term employment opportunities.

The Jobs Fund operates on **challenge fund principles**.

A key element of a challenge fund is that project selection and funding allocations are based on an open, competitive process (like the EU call for proposals) concerning pre-defined eligibility and impact criteria. These criteria are designed to maximise innovation, impact, and sustainability.

By selecting projects through a competitive process, public funding is channelled directly to the initiatives most likely to have an impact. Globally, challenge funds have emerged as effective and versatile financing mechanisms for channelling public money to catalyse innovation and investment in a way that benefits the poor.

The Fund is managed directly by GTAC, the National Treasury's Government Technical Advisory Centre (GTAC). The Fund is governed by two committees: Investment (executive and fiduciary responsibility for the approval of the applications) and Technical Evaluation Committees (responsible for the technical assessment of the proposals and recommendations)

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore, the policy can be supported by the Commission with the proposed budget support contract.

2.4.2 Macroeconomic Policy

The following chapter reflects the October 2024 Medium Term Budget Policy Statement ⁹and the outcomes of the December 2024 EU-SA macroeconomic dialogue.

The government's strategy aligns rapid economic growth with inclusivity (fair distribution of the growth benefits across all population segments and reduced inequality) and sustainability. Structural reforms are key, focusing on improving infrastructure (power shortages and inefficiencies in logistics), state capability and economic efficiency (costs of doing business).

On the global front, the global economy is projected to grow modestly at 3.2% in 2024 and 2025, with risks such as geopolitical instability and high sovereign debt levels posing challenges. Inflationary pressures are easing, enabling

⁷The International Partners Group (IPG): EU/EIB, UK, Denmark, The Netherlands, USA, France, Germany

⁸ [The Jobs Fund](#)

⁹ October 2024 MTBPS: [National Treasury](#)

central banks to consider rate cuts, but challenges like stagnant productivity and ageing populations in major economies persist.

On the domestic front, South Africa's GDP growth is expected to recover to 1.1% in 2024 from 0.7% in 2023, though it remains constrained by supply-side issues like energy availability and logistics. In that context, it is noteworthy to mention the following impending and contributing factors: (1) improvements in power supply: reduced load-shedding is boosting economic sentiment and activity; (2) exports and investment are expected to contract, while household and government consumption remain steady (3) power cuts, freight rail and port failures, and high costs of living were significant obstacles in early 2024, although the trend is towards progress and (4) resolving supply-side constraints and easing barriers to business activity will determine sustained growth.

The country's foundations for sustained economic growth are built upon these four key principles:

1. Macroeconomic stability and fiscal and monetary policy predictability are critical for investment and growth. Measures include maintaining budget discipline and managing debt levels.
2. Structural reforms under Operation Vulindlela (OV) Phase I (improving electricity availability, logistics, and data costs) are beginning to yield results. Phase II addresses more profound systemic challenges like local government inefficiencies and spatial inequality. Overall, reforms are designed to reduce business costs and attract private-sector participation.
3. A competent and efficient state is essential for delivering public services and fostering economic growth. Efforts are underway to rebuild state institutions, enhance governance, and ensure effective service delivery.
4. Investment in energy, transport, and water infrastructure is the backbone of long-term growth. The government actively involves the private sector in financing and executing projects efficiently.

The medium-term fiscal strategy focuses on fiscal sustainability while supporting essential services and economic growth. In that regard, the government is committed to

1. Stabilizing debt: primary surplus is expected from 2024/25, with debt stabilizing at 75.5% of GDP by 2025/26. This stabilization will reduce debt-service costs, freeing up resources for developmental priorities.
2. Increasing the efficiency (ROI) of capital investment by redirecting spending toward infrastructure projects to boost economic activity and create jobs and lowering borrowing costs to facilitate more sustainable financing of development projects.
3. Public services should remain a priority even if budgets are constrained. Spending on critical areas like education, health, and social development should remain a priority.
4. Exercising strict control of the public sector wage bill, as government wages consume a large share of public spending, measures such as early retirement programs aim to control costs without compromising service delivery.

In that context, it is worth mentioning that, building on the success of Phase I of Operation Vulindlela, Phase II will target eliminating economic bottlenecks (red tape) by addressing persistent issues like local government inefficiencies, spatial inequality, and the improvement of the Public-Private Partnership (PPP) framework to unlock new investments and accelerate project implementation.

Meanwhile, the risks to the fiscal outlook remain elevated and must be adequately mitigated.

The South African economy is not immune to a global or domestic slowdown, which could reduce tax revenue and worsen fiscal deficits. The politically sensitive control of the wage bill as higher-than-expected public-sector wage settlements could strain budgets and crowd out investment financing. Corporate governance and persisting deficits of state-owned enterprises (SOEs) such as ESKOM, Transnet, etc., will increase pressure for additional support that the government cannot afford.

Overall, the government strategy, as outlined in the latest Medium Term Budget Policy Statement (MTBPS), aims at achieving fiscal sustainability while driving economic growth. Key takeaways include:

- Debt stabilization by 2025/26 is critical to reducing the burden of debt-service costs.
- Structural reforms under Operation Vulindlela are beginning to show results, but sustained implementation is needed to unlock long-term growth.
- Fiscal discipline, efficient public services, and infrastructure investment will be the cornerstones of South Africa's growth strategy.

The government's ultimate objective is to create a robust, inclusive economy that fosters job creation, reduces inequality, and improves the fiscal position.

In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy that meets the eligibility criteria.

2.4.3 Public Financial Management

The fundamentals of PFM in South Africa

The **Public Finance Management Act (PFMA)** is the cornerstone of public financial management in South Africa. It sets out key responsibilities for accounting officers and executive authorities and provides clear guidelines on how public funds should be used. Supporting legislation, such as the **Municipal Finance Management Act (MFMA)** and the **Division of Revenue Act**, ensures consistency across national, provincial, and municipal levels of government.

The Budgeting Process is framed within a **Medium-Term Expenditure Framework (MTEF)**, which sets three-year rolling expenditure plans. This process ensures predictability in funding and alignment with government priorities. The **National Treasury** plays a leading role in preparing the national budget, which involves consultations with departments, public stakeholders, and provincial governments. Public participation is also promoted, ensuring inclusivity and transparency in the allocation of funds.

Departments must produce **monthly, quarterly, and annual financial reports**, which the National Treasury and the Auditor-General then review. Financial reporting also plays a critical role in policymakers' decision-making and enhances public scrutiny.

The PFMA mandates that government entities establish **internal controls that minimize fraud, errors, and inefficiencies**. Risk management units within departments assess vulnerabilities and develop mitigation strategies, ensuring better governance and reducing financial irregularities.

Supply Chain Management (SCM) is critical to ensuring that government procurement is cost-effective, competitive, and free from corruption. The National Treasury is the biggest purchaser in the country. The PFMS lays down strict procurement guidelines and procedures, which include tender processes, bid adjudication committees, and compliance audits. However, the system has faced criticism for delays and loopholes that allow corruption, which the government is actively working to address.

Strengths

Undoubtedly, transparency (see next section) and accountability are the key features of the country's PFM system. The requirement for public financial disclosures, independent audits, and parliamentary reviews ensures transparency in the use of public funds. Tools such as the Online Budget Portal (South African Government Budgets 2024-25 - vulekamali) and Municipal Financial Data Dashboards (Municipal Finance Data) make information accessible to the public, empowering civil society to hold officials accountable.

Financial discipline has been strengthened through initiatives such as zero-based budgeting, which assesses every expenditure from scratch instead of incrementally increasing previous budgets. Mechanisms to track under- or overspending by departments have reduced wastage and ensured funds are redirected to priority areas.

Training programs, workshops, and specialized courses have been introduced to ensure government officials are well-equipped to handle financial responsibilities. Partnerships with institutions like the South African Institute of Chartered Accountants (SAICA) have provided additional technical support. The European Union has played a critical role in the continuous improvement of public finance management by providing support for capacity development at national and subnational levels through five technical assistance projects since 1998 (FMIP I, II, III and the latest iteration of the project – now completed PFM Capacity Development for Improved Service Delivery¹⁰ project).

The Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing Framework (GRPBMEAF) was approved by the government/Cabinet in 2019 To ensure WEGE (Women Empowerment and Gender Equality) are at the centre of public policy priorities, results- Key based planning, budgeting and strategic accountability. When the GRPBMEAF was developed it mainly focused on gender, but now it includes youth and people with disabilities¹¹.

¹⁰ APP 2017 – 15 million EUR

¹¹https://www.parliament.gov.za/storage/app/media/Pages/2024/02-08-2024_members_induction/docs/Oversight_and_Accountability/depart1.pdf

Challenges

Despite the robust legislative framework, non-compliance with PFMA provisions is widespread, particularly in municipal governments. Irregular expenditures, which refer to spending outside the prescribed legal framework, amounted to billions of rands annually, according to the Auditor General South Africa (AGSA). Also, many government entities fail to submit timely financial reports, reflecting weak enforcement mechanisms.

In key areas, such as financial management, internal auditing, and risk assessment, human resources constraints and qualified officers (or lack thereof) are needed. Also, the high turnover of financial managers, especially in municipalities, has created instability and poor institutional memory.

Unfortunately, corruption is one of the most significant threats to the PFM, with high-profile cases such as the mismanagement of COVID-19 relief funds exposing vulnerabilities in the system. Collusion between government officials and private contractors has led to inflated project costs, substandard services, and misallocation of resources (Auditor-General South Africa | AGSA).

While anti-corruption agencies like the Special Investigating Unit are working on curbing such practices, systemic corruption remains a persistent issue.

Poorly designed and slow procurement processes have resulted in unnecessary delays in delivering critical services. Instances of sole-source procurement (where only one supplier is considered) bypass competitive bidding and create opportunities for favouritism and inflated pricing. The lack of a unified digital system for procurement tracking has made monitoring and accountability difficult.

Recent Developments and Reforms

Enhanced Oversight: The National Treasury has increased its oversight functions by conducting regular financial health assessments of government entities. Stricter performance benchmarks are being set, particularly for poorly performing municipalities, which have been placed under administration when necessary.

Anti-Corruption Measures: Government agencies such as the SIU, National Prosecuting Authority (NPA), and the Directorate for Priority Crime Investigation (Hawks) have intensified investigations into corruption. The establishment of the State Capture Commission highlighted the extent of corruption and provided actionable recommendations for reform.

Capacity Enhancement Programs: Several initiatives have been launched to upskill public servants. Partnerships with universities and professional bodies aim to address the skills deficit in finance-related areas.

Digitization and E-Governance: The government is exploring using technology to improve procurement, financial reporting, and monitoring processes. Tools like the e-Government Procurement System (e-GP) aim to reduce inefficiencies and curb corruption.

Finally, it is important to note that the EU Delegation is specifically following progress and reforms in these areas: (1) the FMIS - initiated in 2015 - potential rolling out in 2024-2025, (2) the supply chain management and public procurement reform and (3) the municipal finance management¹² and the implementation of the mSCOA (Municipal chart of accounts introduced by the National Treasury).

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

2.4.4 Transparency and Oversight of the Budget

The 2023 Open Budget Survey shows mixed results for South Africa¹³. South Africa remains in the top five countries for the transparency criteria (a slight slippage compared to previous years), scoring 83/100 behind Georgia, New Zealand, and Sweden. The whole set of statutory budget documentation is published with Swiss punctuality on the

¹² Co-financed by the EU Delegation is the Asivikelane Initiative implemented by IBP South Africa. Asivikelane is a powerful coalition of a dozen organizations, which has participants from over 500 informal settlements across 10 municipalities. Informal settlement residents respond to surveys about their access to water, clean toilets and waste removal, which are shared with municipal and national officials monthly resulting in improved access to water and sanitation services for these residents.

¹³ [South Africa - International Budget Partnership](#)

National Treasury website¹⁴. Regarding the two other criteria i.e., budget oversight and public participation, the results are disappointing, scoring 76/100 and 35/100, respectively.

The financial oversight and accountability mandates of the Parliament rely on: (1) the Standing Committee on Public Accounts (SCOPA), (2) the Standing Committee on Appropriations Standing Committee on Finance, and (3) the Parliamentary Budget Office (PBO). The core function of the Parliamentary Budget Office is to support the implementation of the Money Bills Act by undertaking research and analysis for the four committees on Finance and Appropriations in the National Assembly and National Council of Provinces.

Finally, a note regarding the Auditor General of South Africa¹⁵ one of the key pillars supporting constitutional democracy. The AGSA is a “chapter 9” institution because its mandate is outlined in chapter 9 (sections 181 & 188) of the Constitution of the Republic of South Africa. The AGSA annually produces audit reports on all government departments, public entities, municipalities, and public institutions.

In conclusion, the relevant budget documentation has been published, and the eligibility criterion is met.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The overall objective of this action is to support a Just Energy Transition by addressing key labour market challenges and creating an environment conducive to sustainable and inclusive job market potential and opportunities.

The specific objectives are as follows:

1. To enhance the capacity of the Jobs Fund to address unemployment and labor market imbalances, particularly in provinces and municipalities most affected by the Just Energy Transition.
2. To strengthen the enabling environment for job market opportunities and long-term employment growth, supporting resilience in the face of climate change.

The outputs to be delivered by this action contributing to the corresponding objectives are:

Outputs related to the specific objective 1:

- 1.1 Scalable, replicable interventions are supported, addressing the adverse impact of the JET implementation on the workforce (in particular for women and underserved groups).
- 1.2 Both demand and supply issues are addressed to drive job creation (in particular for women and underserved groups) within the affected regions, thereby offsetting the loss and income-generating activities due to the implementation of the JET.
- 1.3 Evidence-based gender-responsive policy making is made possible thanks to the Jobs Fund’s robust monitoring, evaluation and learning systems.

Outputs related to the specific objective 2:

- 2.1 [National Treasury] Improved Public Finance Management (PFM) at sub-national level to ensure better public expenditure management, service delivery, professionalisation and implementation sustainable and innovative reforms (green finance, climate-responsive budgeting, and environmentally sustainable practices).
- 2.2 [SA-TIED] At national level, improved collaboration between researchers and policymakers, provision of specialised trainings for government officials, better access to and integration of administrative datasets across government departments to improve evidence-based policy decisions, strengthening the monitoring, evaluation and policy dissemination under Operation Vulindlela.
- 2.3 [SARB – Climate Change and Central Banking] Analysis of the implications of climate change on monetary policy in SADC countries and support to the central banks in adjusting these policies, Developed micro and macroprudential policies and enhanced awareness of financial sector risks. Central banks enable to support flows

¹⁴ [National Treasury](#)

¹⁵ [Auditor-General South Africa | AGSA](#)

of finance needed for a just transition to a low-carbon economy. Green finance, debt sustainability, and hybrid financing solutions developed. Physical and transition climate risks to economies in the SADC region identified and quantified.

3.2 Indicative Activities

Activities relating to Output 1.1 - The Jobs Fund will be supported with a budget support allocation.

The Jobs Fund will then allocate the funds to the intended beneficiaries (public, private and non-governmental organisations through call for proposals.

Strategic and policy discussions between the Delegation and the Jobs Funds managers:

- Discussions focussed on how to enhance inclusive job creation in South Africa using public funds to catalyse innovation and investment, addressing unemployment by overcoming barriers to job creation related to labour demand, supply, and institutional challenges.

Activities relating to Output 1.2 - Both demand and supply issues are addressed to drive job creation within the affected region

Implementation of the Calls for proposals:

Project origination

- Definitions of the objectives of the specific calls for proposals. Engagements with potential partners and leading industry players to support co-creation of innovative ideas.

Project applications

- Typically, a 2-stage process testing concept ideas and full business case is implemented. However, the process can be adapted to meet specific requirements of the funding round.

Project appraisal and Due Diligence

- Based on set and transparent impact criteria as per the published term sheet, including a rigorous due diligence of the Applicant and the project proposal.

Project approval and award

- An independent Investment Committee approves funding for the most competitive projects.

Activities relating to Output 1.3

Project monitoring, evaluation, and feedback loop into employment policies

Activities relating to Output 2.1: National Treasury: Support to PFM at sub-national level:

Strengthened PFM Capacity:

- Continuation of capacity-building initiatives in eight municipalities, ensuring accessibility to the most vulnerable.
- Development of shared services guides for addressing skill gaps.
- Enhanced implementation of PFMA and MFMA reforms, focusing on governance and anti-corruption measures.

Increased Professionalization of PFM:

- Delivery of accredited and non-accredited skills programs for PFM practitioners.
- Establishment of public-sector-relevant qualifications and mentorship programs, ensuring accessibility to the most vulnerable.
- Specialized training on financial management topics, including unauthorized and irregular expenditures.

Sustainable and Innovative Reforms:

- Development of methodologies for green and climate-friendly PFM.
- Integration of environmental considerations into financial decision-making at sub-national levels.

Integrated Knowledge Management:

- Enhancement of the Integrated Knowledge Management System (IKMS) with user-friendly features like chatbots.
- Promotion of real-time collaboration and knowledge-sharing among PFM stakeholders.

Activities relating to Output 2.2: SA-TIED project

Research Integration and Policy Frameworks:

- Development of cross-cutting work programs addressing urgent topics such as climate change, labour markets, and fiscal policy.

Capacity Building :

- Conduct workshops, training sessions, and secondments.
- Provide specialized data analysis and modelling training for officials.
- Produce training materials for long-term use.

Data Infrastructure :

- Expand and integrate the National Treasury Secure Data Facility (NT-SDF) into a world-class administrative data lab.
- Combine administrative datasets (e.g., tax, education, and labour market data) for richer analyses.

Support for Operation Vulindlela:

- Produce case studies, policy briefs, and evaluation tools for implementing reforms.
- Strengthen municipal-level policymaking capacity to ensure reforms reach all governance levels.

Collaborative Initiatives:

- Engage additional stakeholders and departments, like the Department of Employment and Labor, to develop a comprehensive data-driven research network.

Knowledge Dissemination:

- Publish research insights as working papers, policy briefs, and case studies for broader use by policymakers and stakeholders.

Activities relating to Output 2.3 Climate Change Central Banking - South African Reserve Bank (SARB)

Research and Analytical Frameworks:

- Development of working papers, policy briefs, and analytical models addressing monetary policy, financial stability, and climate finance.
- Comprehensive frameworks for understanding and mitigating climate-related financial and macroeconomic risks.

Capacity Building:

- Training programs, workshops, and webinars to build expertise among central banks and other apex institutions.
- Increased awareness and preparedness to handle climate-related challenges in the financial and economic sectors.

Policy and Implementation Support:

- Guidance for central banks on integrating climate change considerations into monetary and financial policies.
- Recommendations on leveraging green finance and other mechanisms for climate adaptation and resilience.

Regional Collaboration:

- Regional analyses of climate risks, particularly in areas like food security, biodiversity, and power sector transitions.
- Encouragement of collaborative strategies to address shared climate challenges across the SADC region.

3.3 Mainstreaming

Environmental Protection & Climate Change

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

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

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

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

The specific interventions may be Category B (not requiring an EIA, but for which environment aspects will be addressed during design). This will be assessed and addressed during implementation.

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

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

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1, gender mainstreaming. The Jobs Fund does target women and women owned enterprises, given the magnitude of inequalities facing women adwomen are already in the focus of the Jobs Fund from the outset, no Specific gender indicators are monitored in the Jobs Fund MERL systems.

Human Rights

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

To ensure a meaningful 360 degree/RBA approach, this AAP focused on promotion of labour demand (through value chain promotion), as well as measures focused on labour supply (i.e. skills and activation measures) may be complemented by support to i. social protection policies/measures to provide income support to both those affected by job losses, or communities suffering any negative impact of the green transition; as well as to ii. labour policies to ensure the newly created jobs are decent (i.e. with good labour conditions and social insurance). Complementary support can also be mobilised through thematic cooperation such as the ongoing facility on employment and social protection SOCIEUX+ or the upcoming regional programme under the TEI for social protection in SSA, that presents important complementarities.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the Action is not considered explicitly relevant for the inclusions of persons with disabilities, however, it will follow the inclusive principle of leaving no one behind.

Reduction of inequalities

As per the Inequality Marker, this Action has been labelled as an I-1. Inequality reduction is a significant objective.

Whilst South Africa is one of Africa's largest economies, it is also the most unequal country in the world, with extreme levels of unemployment, inequality, and poverty. The legacy of colonialism and apartheid, rooted in racial and spatial segregation, continues to reinforce inequality. Officially, the unemployment rate currently stands at 32,9%, though the numbers go up to over 40% if one includes people who have given up seeking employment. Youth unemployment (18–29 years old) is over 60%.

By targeting unemployment mainly in the provinces most affected by the Just Energy Transition, this Action will directly and indirectly impact those most in need, ensuring the Just element of the transition. The PFM pillar of the action will further help ensure that sound financial management is strengthened, limiting one of the biggest catalysts of inequality: corruption.

Democracy

By strengthening government institutions and their democratic functions under the principle of sound financial management, this Action directly helps ensure the accountability of the government to the people of South Africa.

Conflict sensitivity, peace and resilience

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

Disaster Risk Reduction

The action does not directly address situations of disaster risk reduction however the interventions may indirectly assist with adaptation as it supports the transition to green energy.

Other considerations if relevant

3.4 Risks

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Socio-economic	Risk 1 a precarious macro-fiscal situation, financial and technical weakness of key state-owned entities, growing debt, and persistent inequality and high unemployment – especially among youth and women	medium	high	include working with the South African Government on financial stability and green financing strategies, capacity building for individuals and MSMEs benefitting from the action, and provide appropriate technical assistance
External environment	Risk 2 Bankable quality applications may not be submitted.	medium	medium	GTAC reach out policy and thorough preparation of the calls will mitigate this risk
	Risk 3	low	high	GTAC policy follows international standards of

	Jobs created (directly or indirectly) do not meet ILO core labour standard			human-rihgts based approach and decent work
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3.5 The Intervention Logic

The intervention logic underlying this action is that South Africa's energy transition is expected to have profound social and economic impacts, given the country's heavy reliance on coal. To mitigate the adverse effects on coal-dependent communities and related economic sectors, it is crucial to ensure that the transition is just. This involves equipping affected individuals with the necessary skills responding to employment opportunities in relevant sectors/value chains (renewable industry, green hydrogen, manufacturing etc) and providing economic opportunities to preserve and improve their livelihoods. This need is particularly pressing in the context of high unemployment and rising inequality.

The proposed action represents the EU's contribution to supporting South Africa's efforts to manage the energy transition effectively. Specifically, it aims to assist workers and youth in accessing new, greener jobs. It also seeks to create an enabling environment for implementing the Just Energy Transition, particularly in the provinces most affected by the shift. Furthermore, the action aims to establish a conducive financial framework to facilitate an effective and sustainable transformation of the energy sector toward green energy.

These 360 enabling measures—focusing on job creation, skill development, and good governance—are integral to the EU's Global Gateway approach tin South Africa, supporting the just energy transition, with particular emphasis on the development of priority green value chains.

3.6 Logical Framework Matrix

This indicative logical framework constitutes the basis to design more detailed logical framework matrix(-ces) at contracting which will be used for monitoring, reporting and evaluation. The logical framework matrix(-ces) at contract level should include relevant indicators identified in this section.

The expected outputs and related indicators (with baselines and targets) may be updated during the implementation of the action, no amendment being required to the Financing Decision.

In case baselines and targets are not available for the action at the time of adoption of the Financing Decision, they should be provided for each indicator at signature of the contract(s) linked to this Financing Decision, or in the first progress report at the latest. New columns may be added to set intermediary targets for the output and outcome indicators whenever relevant.

PROJECT and BUDGET SUPPORT MODALITIES						
Results	Results chain (e): Main expected results (maximum 10)	Indicators (e): (at least one indicator per expected result)	Baselines (values and years)-tbd	Targets (values and years)-tbd	Sources of data (tbd)	Assumptions [[N/A for budget support]]
Impact	The Overall Objective of this action is to support a Just Energy Transition by addressing key labour market challenges and creating an environment conducive to sustainable and inclusive job market potential and opportunities.	1 % Change in unemployment rate disaggregated by age, sex, area of residence, income level, disability, ethnicity	1 2	1 2	1 2	Not applicable
OUTCOMES						
Outcome 1	1 Scalable, replicable interventions are supported, addressing the adverse impact of the JET implementation on the workforce (in particular for women and underserved groups).	1.1 New skills developed in the supported regions (disaggregated by age, sex, area of residence, income level and disability)-tbc 1.2 New and existing enterprises developed in the affected regions (disaggregated at least by sex and age of owner and by disability)- tbc 1.3 New or existing value chains developed (disaggregated at least by sex)-tbc 1.4 Ratio of female to male who have benefitted from Vocational Education and Training /Skills development and other active labour market programmes leading to jobs. (GAP III)-tbc	1.1 1.2	1.1 1.2	1.1 1.2	

Outcome 2	2 Both demand and supply issues are addressed to drive job creation (in particular for women and underserved groups) within the affected regions, thereby offsetting the loss and income-generating activities due to the implementation of the JET	2.1 Jobs are created, at least 25% of which are women and/or women owned enterprises, disaggregated by age, sex, area of residence, income level, disability.-tbc 2.2 Holistic support provided to MSMEs to drive sustainability (disaggregated at least by sex of owner)-tbc	2.1 2.2	2.1 2.2	2.1 2.2	
Outcome 3	3 - Evidence-based gender-responsive policy making is made possible thanks to the Jobs Fund's robust monitoring, evaluation and learning systems.					
OUTPUTS (for an action implemented as a project)						
(Direct) Output 1 relating to outcome 1	1.1 At least 50% of participants complete the skills development interventions	1.1.1 % of new actions supporting public finance management (PFM) reforms that include a gender budgeting component, by year (GAP III)-tbc	1.1.1 1.1.2	1.1.1 1.1.2	1.1.1 1.1.2	
(Induced) Output 2 relating to outcome 1	1.2 At least 30% of MSMEs improve their annual turnover	1.2.1 1.2.2	1.2.1 1.2.2	1.2.1 1.2.2	1.2.1 1.2.2	
(Direct) Output 3 relating to outcome 1	1.3 At least 3 Value Chains supported					
(Direct) Output 1 relating to outcome 2	At least 30% of supported businesses survive	2.1.1 2.1.2	2.1.1 2.1.2	2.1.1 2.1.2	2.1.1 2.1.2	
(Direct) Output 2 relating to outcome 2	2.2 At least 50 % of the permanent and temporary, full time and part time jobs created by the businesses are maintained	2.2.1 2.2.2	2.2.1 2.2.2	2.2.1 2.2.2	2.2.1 2.2.2	
(Direct) Output 3 relating to outcome 2	2.3 At least 40% of the jobs created by MSMEs are maintained, of which 50% benefit women and youth					
(Direct) Output 4 relating to outcome 2	2.4 At least 1% of employment created benefit People with Disabilities (PWD)					

Output 1 relating to outcome 3	3.1. [National Treasury] Improved Public Finance Management (PFM) at sub-national level to ensure better public expenditure management, service delivery, professionalisation and implementation sustainable and innovative reforms (green finance, climate-responsive budgeting, and environmentally sustainable practices.					
Output 2 related to outcome 4	3.2 [SA-TIED] At national level, improved collaboration between researchers and policymakers, provision of specialised trainings for government officials, better access to and integration of administrative datasets across government departments to improve evidence-based policy decisions, strengthening the monitoring, evaluation and policy dissemination under Operation Vulindlela.					
Output 3 related to outcome 4	3.3 [SARB – Climate Change and Central Banking] Analysis of the implications of climate change on monetary policy in SADC countries and support to the central banks in adjusting these policies, . Developed micro and macroprudential policies and enhanced awareness of financial sector risks. Central banks enable to support flows of finance needed for a just transition to a low-carbon economy. Green finance, debt sustainability, and hybrid financing solutions developed. Physical and transition climate risks to economies in the SADC region identified and quantified....					

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

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

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 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 Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

4.3.1 Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component (specific objective 1) is EUR 20 million, and for complementary support (specific objective 2) is EUR 6 million. This amount is based on the Government's commitment to open a Just Energy Transition Window and to allocate matching resources. The budget for the complementary measures is based on similar previous initiatives.

4.3.2 Criteria for Disbursement of Budget Support

a) Conditions

The general conditions for disbursement of tranches are as follows:

- Satisfactory progress in the implementation of the Jobs Fund JET Window and continued credibility and relevance thereof or of the subsequent policy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

The specific conditions for disbursement of the two fixed tranches are as follows:

- First tranche: Creation of a JET Window of the Jobs Fund
- Second tranche: launch of the first Challenge Fund list of approved projects by the Investment Committee submitted and 50% of approved projects contracted

b) The performance indicators for disbursement to be used for variable tranches may focus on the following policy priorities:

N.A.

c) Modifications.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest at the beginning of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

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

4.3.3 Budget Support Details

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into South African Rand (ZAR) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

The following disbursement calendar and profile proposed for the action is indicative. The actual disbursement calendar and profile will be set out in the financing agreement and may remain subject to change.

Provided that the conditions are met, there will be two fixed tranches: one of EUR 10 million during the first SA fiscal year of implementation (2025 - 2026), and a second of EUR 10 million tentatively during the second SA fiscal year (2026 - 2027).

<u>SA fiscal year</u>	<u>Fiscal Year</u> <u>2025/2026</u>	<u>Fiscal Year</u> <u>2026/2027</u>	<u>Fiscal Year</u> <u>2027/2028</u>	<u>Fiscal Year</u> <u>2028/2029</u>	<u>Fiscal Year</u> <u>2029/2030</u>
<u>First fixed tranche</u>	10				
<u>Second fixed tranche</u>		10			

4.4 Implementation Modalities

The Commission will ensure that the EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁶.

4.4.1 Direct management (Procurement)

Specific Objective 2 will be partially (output 2.1) implemented via public contracts, namely consultancy services.

In order to implement Specific Objective 2, consultancy services will be outsourced by the Commission as the outsourced tasks do not involve the exercise of public authority and discretionary powers of judgement.

This procurement will not make the Commission or the Partner Country overly dependent on the selected service provider.

¹⁶ 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.

The services at stake will be better delivered by the service provider for the high level of specialisation required that is not available internally, and the recourse to external consultancy services is required to meet the action's objectives and operational needs.

4.4.2 Indirect Management with an entrusted entity

A part of this action (outputs 2.2 and 2.3) may be implemented in indirect management with one or multiple entity/ies, which will be selected by the Commission's services using the following criteria:

- an entity with policy and public finance management expertise in the region;
- previous operational capacity (such as the data hub anchored in National Treasury).

The implementation by this/these entity/ies entails Specific Objective 2 consisting of the following components:

- Research Integration and Policy Frameworks, Capacity Building, Data Infrastructure, Support for Operation Vulindlela, Collaborative Initiatives, Knowledge Dissemination (SA-TIED).
- Climate Change Central Banking: Research and Analytical Frameworks, Capacity Building, Policy and Implementation Support, Regional Collaboration (SARB).

If negotiations with the entity under indirect management fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.4.3.

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

An alternative second option to the modality identified under 4.4.2 would be direct management via grants. This part of the action would be implemented in direct management via grants to respond to the Specific Objective 2. The type of applicants targeted in that case would be: legal entities, natural persons or groupings without legal personality, local authorities, public bodies, NGOs, economic operators such as SMEs.

Alternatively, indirect management with an entrusted entity as in section 4.4.2, can replace procurement under direct management due to circumstances outside of the Commission's control. The entrusted entity will be selected using the criteria described in 4.4.2

4.5 Scope of geographical eligibility for procurement and grants

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

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

4.6 Indicative Budget

	2025
Indicative Budget components	EU contribution (amount in EUR)
Specific Objective 1 Budget support - cf. section 4.3	20 000 000
Specific Objective 2 composed of Procurement (direct management) – cf. section 4.4.1 Indirect management with an entrusted entity- cf. section 4.4.2	4 000 000 2 000 000
Audit and Evaluation	N.A
Contingencies	N.A
Totals	26 000 000

4.7 Organisational Set-up and Responsibilities

The implementation of this programme will be with GTAC and a Project Steering Committee (PSC).

This Budget Support component of the Programme will be anchored with the Government Technical Advisory Centre (GTAC), which is an agency of the National Treasury of South Africa. GTAC was established in 2012 as a Government component in terms of the Public Service Act (1994, as amended in 2007). This entity, which remains part of the public service, provides government's departments and state agencies with support and advice to improve the value of public spending. The head of GTAC is accountable for the entity's operations and report to the Minister of Finance.

The Project Steering Committee

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

The complementary component of the Programme

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

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

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

Roles and responsibilities for data collection, analysis and monitoring:

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows: the Jobs Fund robust Monitoring, Evaluation and Learning System will be used, also for evidence-based policy making.

Inequality reduction will be mainstreamed into the monitoring and evaluation of the project and that indicators will be income-disaggregated and disaggregated by other relevant aspects whenever possible (sex, age, area of residence, disability and ethnicity, etc.).

Monitoring will assess gender equality results and the implementation of the human rights-based approach working principles (applying all human rights for all; meaningful and inclusive participation and access to decision-making; non-discrimination and equality; accountability and rule of law for all; and transparency and access to information supported by disaggregated data). Monitoring will be based on indicators that are disaggregated by sex, age, and disability when applicable.

5.2 Evaluation

Having regard to the nature of the action, a final ex-post evaluation may be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that due to the nature of the action, the actual output and impact can only be observed toward the end of the Programme. The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders. The Commission shall inform the implementing partner at least two months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination¹⁷. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

All evaluations shall assess to what extent the action is taking into account inequality reduction as well as how it impacts the most vulnerable (bottom 40% and socio-economically disadvantaged individuals). Expertise on inequality reduction will be ensured in the evaluation teams.

Evaluation shall also assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment and disability inclusion. Expertise on human rights, disability and gender equality will be ensured in the evaluation teams.

5.3 Audit and Verifications

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

¹⁷ See best [practice of evaluation dissemination](#)

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

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

Appendix 1 – Selection of “Primary Intervention Reporting” in OPSYS

This Appendix must **not be attached** to the draft Commission Decision, as indicated in Appendix 2.

Appendix 1 serves the purpose to define/select the correct level of “Primary Intervention Reporting” to be made in the system OPSYS, and in particular in the ‘synopsis’ tab related to the action (ACT) corresponding to the Decision.

The primary intervention (PINTV) refers to the development results presented along the structure of a logical framework matrix (logframe) and that will be monitored during implementation. The same PINTV could be linked to one or more legal commitments. Accordingly, it is necessary to make the most relevant choice among the options provided by the system and presented in the table below.

More information on the definition of primary intervention can be found in the wiki [Results & Monitoring - Interventions](#).

The examples provided below do not cover all possible cases and options provided by the system OPSYS. For additional support in the choice of the most suitable option, please contact the FMB: INTPA-AD-RESULTS@ec.europa.eu.

The “Primary Intervention Reporting” choice to be made is (please tick one box, and do not remove other choices):	
<input checked="" type="checkbox"/>	Option 1: Contract(s) level
	<p>Select this option when the contract(s) (CL2) related to this Decision is (are) likely to have its (their) own logframe that will be regularly reported on by the implementing partner.</p> <p>Examples:</p> <ul style="list-style-type: none"> - A Decision that includes more than one implementation modalities (i.e. direct and indirect management combined with type of financing: budget support, grant, public procurement, financial instruments) - A Decision in which the implementation modality chosen is: direct management (mode) and grant (type of financing). Following a call for proposals, one or more grants will be awarded. Hence each grant contract will have its own logframe and therefore its dedicated PINTV
<input type="checkbox"/>	Option 2: Group of contracts
	<p>Select this option if two or more contracts derived from this Decision share the same logframe or if one or more contracts derived from this Decision contribute to the logframe of an existing intervention (as long as they are funded under the same financial instrument).</p> <p>It is not possible to group contracts funded via EDF and NDICI.</p> <p>Example:</p> <p>The Decision includes one contract that is a top up to an existing contract funded by another Decision, but belonging to the same financial instrument (i.e. NDICI).</p>