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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 2022

Action Document for Bridging inequalities through greener municipal services

ANNUAL PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and measure in the sense of Article 23 of NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Bridging Inequalities through greener municipal services OPSYS ACT-61408 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	This project will contribute to the TEI Just and green recovery for South Africa
3. Zone benefiting from the action	The action shall be carried out in South Africa
4. Programming document	Multi-annual Indicative Programme 2021 - 2027
5. Link with relevant MIP(s) objectives / expected results	The proposed Action intends to contribute to priorities areas (PA) 1 and 2 of the MIP and in particular to SO3: Cities and hubs of green and sustainable transformation supported (PA 1); and SO2: Service delivery improved, notably through digital and innovative solutions (PA 2).
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	DAC 430 Other multisector incl. urban/rural development 151 Government & Civil Society-general
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SGD 11 Sustainable cities and communities Other significant SDGs (up to 9) and where appropriate, targets: SDG 5 Gender equality, SDG 6 Clean water and sanitation, SDG 7 Affordable and clean energy
8 a) DAC code(s)	15185 Local government administration – 40% 43032 Urban development – 40% 15150 Democratic participation and civil society – 20%
8 b) Main Delivery Channel	<i>European Union - 42000</i> <i>Recipient Government - 12000</i> <i>Central Government - 12001</i>

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

	energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	/
	transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): BGUE-B2022-14.020122-C1-INTPA Total estimated cost: EUR 15 000 000 Total amount of EU budget contribution EUR 15 000 000			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Direct management through: - Grants - Procurement - Indirect management through contribution to regional blending facility			

1.2 Summary of the Action

<p>The underlying intervention logic for this action is to contribute to South Africa's efforts to tackle inequality and SA's energy transition through improved delivery of service that have an impact on climate and environmental targets. The action aims to do this by providing direct support and capacity building to municipalities, districts, and institutions that support local authorities to deliver gender-responsive, vulnerable and disability sensitive service delivery towards energy and water efficiency, waste management and transport.</p> <p>The action will support selected South African cities to address some of these key service delivery challenges while focusing on smart and green solutions, enabled by digitalisation and the use of technologies. It will help build adaptive capacity and capabilities in the face of climate change, resource depletion, financial shocks, growing inequality and poverty, in particular inequality in sustainable access to (greener) water, energy or waste management services.</p> <p>By choosing the municipal level as the intersection, this action will combine addressing the strategic objectives of the MIP 2021-2027 that relate to innovative solutions for improved service delivery under priority area 2, and to the support to cities and hubs of green and sustainable transformation under priority area 1. SDG 11: Sustainable cities and communities will be interlinked with other significant SDGs including clean water and sanitation (SDG 6), affordable and clean energy (SDG 7) or gender equality (SDG 5).</p> <p>The overall objective (Impact) of this action is to contribute towards South Africa's efforts in the reduction of inequalities and the achievement of the Government's NDCs.</p> <p>The specific objectives (Outcomes) are:</p> <ol style="list-style-type: none"> 1. To enhance the performance/effectiveness and resilience of municipalities; 2. To facilitate municipalities green investments;
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3. To increase inclusive and gender-sensitive resilience and response capacity to Climate Change enhanced by community civic engagement and awareness on green social and economic benefits and opportunities.

The action is an integral part of the TEI “A Just and Green Recovery for South Africa” put in place in cooperation with AT, BE, DE, DK, FI, FR, IT, NL and SE, with additional support from the EIB, AfD and KfW. In particular, it will contribute to its objective of unlocking green investments and a knowledge-based transition. It will be fully integrated with other actions within this TEI - Capacity building and rolling out of clean energy solutions (Austria), support to energy sector reform and sustainable water management (Denmark), Development of PPP with municipalities and municipal infrastructure financing facilities (France), to name but a few - as well as with interventions by like-minded partners (such as SECO’s APEX Green cities programme).

2 RATIONALE

2.1 Context

a. Political priorities

This action fits the international dimension of the EU Green Deal and the Paris Agreement, and will constitute a first contribution to the EU pledge on the Just Energy Transition Partnership with South Africa. It will also include interventions in support of the EU Gender Action Plan (GAP) III and of the Road Map of engagement with Civil Society.

This Action also aligns with priorities on good governance, digital transformation and inclusion, and the strengthening of civil society, including organisations representing women and other groups with specific needs, and government and public institutions as per the European Consensus for Development.

This Action is aligned with the 2030 Agenda for Sustainable Development and will further contribute to SGD 11 Sustainable cities and communities, SDG 7 Affordable and clean energy, SDG 5 Gender equality, SDG 6 Clean water and sanitation and the New Urban Agenda.

b. Political impact (incl. TEI & Global Gateway)

The action will support the country’s delivery against its Nationally Determined Contributions (NDCs) under the Paris Agreement in line with both EU strategic interests and SA National Development Plan (NDP) as well as with the Economic Reconstruction and Recovery Plan (ERRP).

It is aligned with the Global Gateway strategy by supporting smart, clean and secure investments in quality and sustainable infrastructure, connecting people and services in a sustainable way while catalyzing participation of local communities and private sector.

In the margins of COP26, the EU, US, FR, DE and UK pledged up to USD 8.5 billion (over the next three to five years) to support South Africa de-carbonise its economy and move away from coal towards a low emission, climate resilient economy based on clean, green energy and technology, under the Just Energy Transition Partnership (JETP). The action will partially constitute a first EU grant support to the JETP, while the main policy reform support, based on the Investment Plan¹, is being designed. It could help pilot the support to the reconfiguration of local economies affected by the de-carbonization of the economy or the design of adaptive policies.

It will also be an integral part of the TEI A Just and Green Recovery for South Africa in which AT, BE, DE, DK, FI, FR, IT, NL and SE are key members and AFD, EIB and KfW are key EDFIs. It will be fully aligned with other actions within the TEI -Capacity building and rolling out of clean energy solutions (Austria); Support to energy sector reform and sustainable water management (Denmark), Development of PPP with municipalities and

¹ The draft investment plan has been published for comment:

[Government Printing Works - 46426_27-5_Presidencynew.pdf - All Documents \(sharepoint.com\)](#)

municipal infrastructure financing facilities (France), to name but a few- as well as with interventions by likeminded partners (such as SECO's APEX Green cities programme).

Finally, the action will build on previous and ongoing interventions around improved municipal governance and service delivery -notably the innovation for service delivery of the sector budget support programme in support of the National System of Innovation- and complement new interventions -such as the recently launched DG REGIO's International City Partnerships.

c. Domestic politics

The Government of South Africa aims to build a developmental state and is committed to "an environmentally sustainable and equitable transition to a low carbon economy" as expressed in the National Development Plan 2030. Pursuant to the Constitution and relevant legislation and policy since 1994, local government in South Africa is the primary vehicle for the delivery of basic services to the population. The Constitution mandates local government to: manage its administration and budgeting and planning processes to give priority to the basic needs of the community; ensure the provision of services to the communities in a sustainable manner; promote the social and economic development of the community; promote a safe and healthy environment; and encourage the involvement of communities and community organisations in matters of local government. The Government is also committed to mainstream gender in environmental interventions as stated in the "Strategy toward Gender Mainstreaming in the Environment Sector"².

Climate change and unequal access to services disproportionately affect South African Women, the youth and people with disabilities. The delivery of basic services such as energy, public transportation, water, sanitation and waste has a direct bearing on the country greenhouse gases emissions and natural resources management. South African municipalities can play a key role in addressing inequalities by ensuring that green and equitable services are delivered, whilst taking advantage of digital and smart solutions.

The South African Government has shown commitment allocating national budget resources to service delivery. However, capacity to deliver and levels of funding remain insufficient. Municipalities' ability to act in an efficient, sustainable manner maximising digital, smart and innovative solutions is hampered by multiple factors including aging infrastructure, skills and capacity constraints, or constrained access to finance, which negatively impact local their socio-economic development and people.

The action will provide an impactful EU contribution to South Africa's development and socio-economic recovery; support the country's delivery against its Nationally Determined Contributions (NDCs) under the Paris Agreement³, advance in 4 of the 5 priority areas of the Back to Basics Approach⁴; and contribute to concrete elements of Operation Vulindlela⁵.

Recent developments –such as a renewed focus on the district development model, the new Electricity Regulations on Embedded Generation Capacity and the commitment to promote e-mobility as part of the government's Just Energy Transition Strategy- contribute to a more conducive environment for municipalities to invest in inclusive and greener service delivery.

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https://www.dffe.gov.za/sites/default/files/docs/publications/strategytowardgendermainstreamingintheenvironmentsector2016_2021.pdf

³ Reduced target emission from 398 – 614 MtCO₂e in 2025; 2030 to 398 – 510 MtCO₂e in 2025; and 350 – 420 MtCO₂e in 2030

⁴ Back to Basics service delivery priority areas are: Water and Sanitation, Energy, Waste Management, Transportation and Human Settlements. The Action will contribute to improvements in the first 4.

⁵ Supporting embedded generation and the establishment of the National Water Resource Infrastructure Agency. <https://www.stateofthenation.gov.za/operation-vulindlela>

On 18 February 2022, the Minister for Environment, Forestry and Fisheries, Barbara Creecy, tabled the Climate Change Bill in the National Assembly. The Bill is viewed as South Africa's first comprehensive set of draft legislation outlining the country's legal framework and alignment to global commitments on norms, principles and rules underpinning the shift to mitigating greenhouse gas emissions, a low carbon economy and developing adaptation policy and regulatory interventions for developing a just transition to a climate resilient society. The Bill is being considered as a section 76 legislation since its implementation into law will be directly linked to the role of provincial and local government, including the role that the 44 district models will play in carrying out the operationalisation of the Bill. It is anticipated that the legislative process will not be finalised before the end of 2023 and may even go well into the next Parliament after the 2024 national and provincial elections.

2.2 Problem Analysis

South Africa is the most industrialized country in Africa and is responsible for more than half of Africa's greenhouse gases (GHGs) mainly due to a heavy reliance on coal for electricity⁶; the country is also a very resource intensive economy. Since 2008, South Africa's coal-based electricity sector has experienced widespread loadshedding due to supply falling behind demand, reduced production by equipment failure and/or damage to power generating station, as well the slow transition to renewables. The country holds unmatched potential for renewable energy, it is amongst the most biodiverse countries in the world, has started to promote a circular economy and has endorsed an enhanced nationally determined contribution to the Paris Agreement in September 2021.

The country is ranked as the 30th driest country in the world and is regarded as a water scarce country. At the same time, the country experiences extreme climate and rain fluctuations and certain areas are prone to flooding. These effects of climate change have a heavier impact on South African women, people living with disabilities and those in the most vulnerable situations mainly because they are more dependent on land and natural resources for their livelihoods⁷ and are less resilient to external shocks.

Moreover, there is increasing pressure on municipalities in terms of waste management, with many municipalities struggling to provide basic waste management services. In 2018, about 12.2 million households received refuse removal in South Africa while 323 478 households did not receive waste services⁸. In 2020, the total domestic waste generated by households in South Africa is estimated at 12.7 million tonnes per annum, and approximately 3.67 million tonnes of this waste are not collected and treated through formal waste collection systems, resulting in large amounts being dumped illegally.

On the other hand, the country continues to contend with socio-eco challenges such as poor and inequitable access to services, a stagnant economy, unemployment, persistent inequality and poverty. Climate change and unequal access to services disproportionately affect South African Women, the youth, people with disabilities and those in the most vulnerable situations. The delivery of basic services such as transport, energy, water and sanitation, and waste has a direct bearing on the country's GHG emissions and natural resources management as well as the livelihood of people.

South African municipalities can play a key role in addressing inequalities by ensuring that green and equitable services are delivered, whilst taking advantage of digital and smart solutions. The greening of basic services such as water, electricity, waste and transport could contribute to the reduction of inequalities. However, municipalities' ability to deliver quality services in an efficient and sustainable manner, that maximise digital and smart solutions and innovation, is hampered by multiple factors including⁹: aging infrastructure; low levels of capital spending; skills shortages and capacity constraints (including competency or high vacancy rate); poor revenue management¹⁰ causing financial distress as well as constrained cash flow, financial viability and access to finance (credit

⁶ Over 70% of installed power generation capacity

⁷<https://www4.unfccc.int/sites/SubmissionsStaging/Documents/201905091021--->

SUBMISSION%20BY%20SOUTH%20AFRICA%20ON%20GENDER%20AND%20CLIMATE%20CHANGE%20E1%20(2).pdf

⁸ Stats SA 2018 - 2050

⁹ Research note from the Bureau for Economic Research (BER) on the state of South Africa's municipalities, October 2021

¹⁰ Out of the 199 out of 257 municipalities that submitted their audits in time to the Auditor General's Consolidated Report 2019-20, only 38 were deemed to be in good financial health while the financial health of 98 was of concern

rating/worthiness, etc.); severe underspending on repairs and maintenance often lead to even greater technical losses in the delivery of water and electricity services.

Moreover, service delivery champions in government, institutions and communities are not connected to support and reinforce each other's efforts. Ongoing work in informal settlements has demonstrated that with high levels of connectedness between government, communities and institutions comes greater efficiency in the improvement of service delivery.

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

Target groups:

- South African people, in particular women, people living with disabilities and those in the most vulnerable situations who stand to benefit from improved service delivery and will play a key role in ensuring that it is inclusive, gender responsive and disability sensitive.
- South African municipalities -8 metros and the 44 district municipalities that are set to become centres of service delivery and economic development, under the District Development Model.

Beneficiary of the action:

- Selected number of South African municipalities to be determined by the PSC (Municipalities along the Durban-Lusaka Corridor could be prioritised) -8 metros and the 44 district municipalities that are set to become centres of service delivery and economic development, under the District Development Model.
- The Department of Cooperative Governance and Traditional Affairs (COGTA) and its agencies (MISA, MIG) whose mandate is to improve cooperative governance across the three spheres of government, in partnership with institutions of traditional leadership. COGTA is tasked with ensuring that provinces and municipalities carry out their service delivery and development functions effectively. It will be the beneficiary of the action and the main implementing partner.

Main implementation partner(s):

- COGTA, South African municipalities -8 metros and the 44 district municipalities
- The South African Local Government Association (SALGA), which is an autonomous association of all 257 South African local governments. SALGA has a clear strategic role to play in representing the interests of local government within the system of government as a whole and supporting its members to fulfil their developmental obligations.
- Civil society and community-based organisations, including organisations representing women and groups with specific needs: civil society/NGOs, academia, scientific organisations play important roles for public awareness, dialogue, participation, monitoring and consultation. In particular, local authorities and government networks serve as catalysts for change and have the capacity to mobilise local communities due to their proximity to the population. Similarly, research can help improve the quality of evidence and assess specific needs

Other stakeholders:

- The Presidency, the Presidential Climate Commission, and the JETP task force
The Presidential Climate Commission is an independent, multi stakeholder body established by President Cyril Ramaphosa, whose purpose is to oversee and facilitate a just and equitable transition towards a low-emissions and climate-resilient economy.
- The Auditor General of South Africa (AGSA) which functions are reflected in section 188 of the Constitution and further regulated in the Public Audit Act, 2004 (PAA) – to audit and report on the accounts, financial statements and financial management of all national and provincial state departments and administrations and all municipalities. The AGSA's performance audit process, which aims to ensure that allocated resources are procured economically and utilised efficiently and effectively, contribute to public transparency and accountability by providing objective and reliable information on how public service perform.
- South African Departments: the National Treasury; Forestry Fisheries and the Environment; Mineral Resources and Energy; Water and Sanitation; Transport; Science and Innovation and the Department of Women Youth and Persons with Disabilities.

- The Municipal Infrastructure Support Agency (MISA) and the soon to be established National Water Resource Infrastructure Agency (NWRIA); Infrastructure South Africa (ISA) and the Association of Municipal Electricity Utilities (AMEU);
- The Government Technical Advisory Centre (GTAC), the National Cleaner Production Centre of South Africa (NCPC-SA) and other stakeholders experienced in supporting South African municipalities' transitions towards sustainability -such as ICLEI (Local Governments for Sustainability) or Green Cape.
- Private sector: partnerships with the private sector are key for municipalities to develop inclusive market-based and competitive solutions as well as strategies that combine local skills, resources and ideas to stimulate the local economy and solutions. For instance, this could be achieved by involving associations and companies in citywide strategic planning processes. It might also involve formalised partnerships with businesses and supporting diversified options for sustainable financing including private funds to foster the adoption of smart city solutions.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this Action is to contribute towards South Africa's efforts in the reduction of inequalities and the achievement of the Government's NDCs.

The Specific Objectives (Outcomes) of this action are:

SO1 - To enhance the performance/effectiveness/resilience of municipalities;

SO2 - To facilitate municipalities green investments;

SO3 - To increase inclusive and gender-sensitive resilience and response capacity to Climate Change enhanced by community civic engagement and awareness on green social and economic benefits and opportunities.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

SO1:

- 1.1 Increased adoption and implementation of greener service delivery practices (nature-based approaches) for inclusive, gender-responsive, disability sensitive and efficient, managerial and operational implementation (Green Municipalities guidelines and ethics)
- 1.2 Increased adoption and installation of inclusive green infrastructures (digital and data solutions; and smart technologies), for improved municipal capacities and capabilities

SO2:

- 2.1 Improved knowledge of and capacity to access socially and environmentally sustainable and innovative financing ecosystems and opportunities available to municipalities
- 2.2 Increased investment attraction capacity of municipalities for the development of green and social projects, investments and programmes

SO3:

- 3.1 Improved green and social awareness and comprehension
- 3.2 Improved CSO, and social partners participation in municipal planning, budgeting and decision-making;
- 3.3 Promoted entrepreneurship and active participation of women, youth, people-with-disabilities and those in the most vulnerable situations -in local green initiatives

3.2 Indicative Activities

Specific activities may include rolling out sustainable and inclusive service delivery pilot interventions in selected municipalities/district municipalities, thus providing a proof-of-concept, experience and a body of knowledge for replication. The indicators to measure progress will be aligned with the logframe of the MIP.

The intervention will potentially leverage additional funding from EFSD+ guarantee portfolio, including RECIDE, AEGF, CITIRIZ, CICLIA and others.

Activities relating to Output 1.1: Increased adoption and implementation of green service delivery practices (nature-based approaches) for inclusive, gender-responsive, disability sensitive and efficient, managerial and operational implementation (Green Municipalities guidelines and ethics)

- Training in management, planning, quality, professional skills and integrated management approaches for the authorities and technical professionals of local institutions in smart green services -supported by social, human rights based, gender and participatory approaches and that connects surrounding communities and other stakeholders with natural assets;
- Activities to involve social players -local business, institutions, civil society and the general public- towards the use/development of smart, innovative, inclusive and sustainable solutions;
- TA to support the design, planning and implementation of inclusive and gender-responsive smart and green energy and water efficiency, and waste management solutions in selected cities;
- Strengthened capacity and capability for smart and greener service delivery, including through experience sharing (in SA or from the EU);
- Activities to implement relevant Auditor-General of South Africa's (AGSA) performance audit recommendations;

Activities relating to Output 1.2: Increased adoption and installation of inclusive green infrastructures (digital and data solutions; and smart technologies), for improved municipal capacities and capabilities

- Specific technical assistance, research and implementation support to pilot municipalities -including on available digital and smart solutions and nature-based approaches for inclusive and efficient, technical and managerial implementation support;
- Support the creation and consolidation of equipment for local development management.
- Advisory support on digitalisation of services, notably artificial intelligence, predictive maintenance, etc.
- Support to e-governance solutions to improve urban management, local revenue mobilisation and service delivery are operationalized taking into consideration the digital divide and disability aspects

Activities relating to Output 2.1: Improved knowledge of and capacity to access socially and environmentally sustainable and innovative financing ecosystems and opportunities available to municipalities

- Advise on the preparation of and inform on diversified options for sustainable financing approaches for cities to increase access to public and private funds including facilitating links between potential projects and investment institutions; providing guidance to prepare bankable proposals; attracting long term investment to scale up the pilot actions for instance by organising matchmaking sessions with investors.
- Implementation of exchange of good smart and environmental service management and provision practices from the EU and/or within South Africa;
- Specific technical assistance to address climate change and stimulate the green economy through policy development, research, awareness-raising and demonstration/pilot projects;
- Specific technical assistance to address social rights issue, including gender equality and labour rights abuses, and stimulate the social economy through policy development, research, awareness-raising and demonstration/pilot projects;

Activities relating to Output 2.2: Investment attraction support to municipalities for the development of green and social projects, investments and programmes

- TA to support unlocking access to finance through blending with Development finance institutions (DFI) loans (including South African)
- Support green and social investment through provision of investment grants, innovative and blended finance or use of budgetary guarantees

Activities relating to Output 3.1: Improved green and social awareness and comprehension

- awareness raising and empowerment of local authorities and technicians facilitating processes with a gender and social equity approach incl. through inclusive and accessible communication strategy, workshops;

- Analyses, sharing and dissemination of findings and recommendations;
- Implementation of small-scale pilots and demonstration actions;

Activities relating to Output 3.2: CSO, and social partners Capacity-building to improve participation in municipal planning, budgeting and decision-making

- developing self-management capacities of relevant local actors, particularly civil society and workers representatives to participate, dialogue or monitor implementation and support community or local private sector green services initiatives;
- Support to civil society –in particular women, youth, people with disabilities and those in the most vulnerable situations - to meaningfully participate in municipal infrastructure decision-making processes, governance and accountability;

Activities relating to Output 3.3: Support to women, youth, people-with-disabilities and those in the most vulnerable situations -led local green initiatives to promote entrepreneurship and active participation

- support communities to adopt innovative, adaptive ways to tackle issues and to catalyse new green and social entrepreneurial opportunities

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

3.3 Mainstreaming

Environmental Protection & Climate Change

Outcomes of the SEA (Strategic Environmental Assessment) 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 design.

Outcomes of the EIA (Environmental Impact Assessment) 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/infrastructure to be carried in the pilot sites may be Category A (EIA will be undertaken), Category B (for which an EIA will be undertaken) or Category B (not requiring an EIA, but for which environment aspects will be addressed during design). This will be assessed and addressed during implementation.

Outcome of the CRA (Climate Risk Assessment) 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)

The specific interventions/infrastructure to be carried in the pilot sites may be at risk, in this case a CRA may be undertaken.

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the project includes specific technical assistance and capacity building to ensure that municipal services are inclusive and gender responsive, as well as specific support to civil society, including organisations working

with women. The action will contribute to the implementation of the Gender Action Plan III, in particular to the achievement of its thematic objective related to increasing the participation of women and girls in all their diversity in decision-making processes on environment and climate change issues. Sex-disaggregated data and gender-sensitive indicators will be privileged, including GAP III indicators to ensure that the contribution to the Gender Action Plan can be effectively measured.

Human Rights

This action will assist and ensure the integration and realisation of human rights throughout interventions. The HRBA (Human Rights-Based Approach) will be promoted as a working methodology, ensuring all human rights, including labour 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 municipal services and in the design of green initiatives.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the action is considered relevant for the inclusions of persons with disabilities and includes specific technical assistance and capacity building to ensure that municipal services are inclusive, accessible and sensitive for persons with disabilities. The contribution to the realisation of human rights of persons living with disabilities will be monitored using disaggregated data by disability status whenever possible.

Democracy

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

Conflict sensitivity, peace and resilience

By supporting the deployment of inclusive, gender responsive and sustainable municipal infrastructure the action directly addresses climate change, environmental protection, governance and democratic processes and gender equality. For instance, it will contribute to address the disappointment of the citizens due to the lack of service provision (as witnessed during 2021 local government elections, often tagged the “service delivery election” or unrests in the country)

Disaster Risk Reduction

The action aims to support the deployment of sustainable and inclusive service delivery. Increased resilience will contribute to stability and disaster risks reduction.

Other considerations if relevant

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External Environment	Risk 1 <i>Lack of sufficient stakeholder commitment and ownership.</i>	Medium	High	<i>A stakeholder relationship management plan and dialogue will be drafted and encouraged respectively to address specific stakeholder requirements and ownership of initiatives at the start of the programme. Initiatives will also not be undertaken without ownership being identified and agreed upon upfront. The</i>

				<i>setup of project governance structures will contribute to commitment</i>
People and the organisation	Risk 2 <i>High vacancy and staff turn-over rates at municipal level undermining capacity building initiatives impact and progress</i>	Medium	Medium	<i>Organisation structures and systems for the programme will be streamlined to minimise the risk and impact of staff turn-over. Key learning and capacity building programmes developed under the project and support to Provincial Treasuries will also ensure that new staff are able to be trained and supported even when changes occur.</i>
Planning, processes and systems	Risk 3 Lack of gender sensitive approach impedes success and the sustainability of the intervention.	Low	Medium	A gender analysis of the green sector was conducted in 2021. Amendments will be made as necessary and appropriate mechanism put in place to encourage women’s participation in the intervention. Gender budgeting training is also integrated into the action for officials

Lessons Learnt:

The Covid-19 pandemic has exacerbated South Africa’s pre-existing socio-economic challenges and increased fiscal constraints. The action aims to prevent further deterioration of municipal services and the trade-offs associated with sustainable investments, producing a positive impact on both.

The identification of the action is a direct result of previous work with municipalities and CSOs’ consultations during 2020-2021 –including a specific session on “Sustainable, green, just and productive cities and communities”- as part of the formulation of the 2021-2027 MIP, as well as dedicated consultation with government departments and other stakeholder for the specific formulation of the action.

The action will build on previous and ongoing interventions around improved municipal governance and service delivery -notably the innovation for service delivery of the sector budget support programme in support of the National System of Innovation with the Department of Science and Innovation.

Previous work with local authorities in South Africa has demonstrated the need for continued strategic support. By supporting MISA, SALGA, NWRIA and the district municipalities, the action aims to mitigate risks – such as high turnaround and loss of skills at municipal level – and maximise impacts. A careful selection of pilot sites, technical assistance and capacity building will mitigate the risk of insufficient capacity at participating municipalities.

Despite the favourable regulatory environment, it is not always possible for South Africa’s civil society to participate in public governance due to limited skills and resources. The action foresees specific support to mitigate this risk.

3.5 The Intervention Logic

The underlying intervention logic for this action is to contribute to South Africa's efforts to tackle inequality and SA's energy transition through improved delivery of service that have an impact on climate, environmental and gender targets. The action aims to do this by providing direct support and capacity building to municipalities, districts, and institutions that support local authorities for the provision of gender responsive services related to energy and water efficiency, waste management and transport and gender budgeting, accessible and disability sensitive.

The action will support selected South African cities to address some of these key service delivery challenges while focusing on smart and green solutions, enabled by digitalisation and the use of technologies. It will help build adaptive capacity and capabilities in the face of climate change, resource depletion, financial shocks, growing inequality and poverty, in particular inequality in sustainable access to (greener) water, energy or waste management services.

It will address these challenges by providing direct support, advisory services, capability and capacity building to municipalities, districts, and institutions that support local authorities, including on energy and water efficiency, waste management and transport, inclusive, disability sensitive and gender responsive service delivery and gender budgeting, using problem-led interventions, policy development, social and performance audits, research, awareness-raising and demonstration projects.

By providing support to local communities and civil society, the action will ensure that citizens, including women and groups in vulnerable situations, participate in municipal decision-making, governance, monitoring or accountability and that the solutions adopted ensure sustainable, integrated, transparent, accessible and participative processes. It will also support integrated management approaches that connect surrounding communities and other stakeholders with natural assets and thereby improve quality of life and building opportunities for communities in disadvantaged situations, strengthening community participation or volunteerism. Activities will also aim to support communities to adopt innovative, adaptive ways to tackle issues and to catalyse new green and social entrepreneurial opportunities.

Sustainable and inclusive service delivery interventions that will be facilitated through the actions shall promote (local) innovation and allow the promotion and development of solutions and strategies that can improve access to public and private funds by providing grants to blend with loans from DFIs (including South African). The intervention will also potentially leverage EFSD+ guarantee portfolio, including RECIDE¹¹, AEGF¹² and others.

Specific activities may include rolling out sustainable and inclusive service delivery pilots in selected municipalities/district municipalities, thus providing a proof-of-concept, experience and a body of knowledge for replication. It is envisaged that the programme targets a selected number of cities and nodes along the Durban-Lusaka corridors in order to create green investment linkages as EU, government and private sector mobilisation takes place on this axis.

The support will also target facilitating policies and facilitating cooperation between cities and districts within South Africa as well as between SA and European cities and sharing experiences.

The Action aims to build adaptive capacity in the face of climate change, resource depletion, financial shocks, growing inequality and poverty. The greening of municipal services would allow local government to provide quality services more efficiently, in a way that reaches more people and mitigates against the negative outcomes of climate change.

The indicators to measure progress will be aligned with the logframe of the MIP, and be human rights and gender-sensitive.

¹¹ Resilient City Development (RECIDE): https://ec.europa.eu/eu-external-investment-plan/projects/resilient-city-development-recide_en

¹² African Energy Guarantee Facility (AEGF): https://ec.europa.eu/eu-external-investment-plan/projects/african-energy-guarantee-facility-aegf_en

3.6 Logical Framework Matrix

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

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest.

New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

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

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

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

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To contribute towards South Africa's efforts in the reduction of inequalities and the achievement of the Government's NDCs	1. GINI index for the target municipalities	1 2	1 2	1 2	<i>Not applicable</i>
Outcome 1	Enhanced performance/effectiveness and resilience of municipalities	1.1 Percentage (%) of people who have access to municipal services due to EU support (disaggregated by sex/age/disability status) 1.2 Number of inclusive and gender-responsive policies, codes, digital solutions and resource-saving interventions operationalized by municipalities	1.1 1.2	1.1 1.2	1.1. Budget vote speeches, annual reports, progress reports, StatsSA reports, AG reports, SONA 1.2. Budget vote speeches, progress reports, annual reports, programme reviews	South Africa continues to prioritise a green recovery and lowered carbon emissions
Outcome 2	Facilitated municipalities green investment;	2.1 Number of municipal officials (CFOs, City managers, Programme managers, investment managers/facilitators and line function senior managers) that benefited/participated in green finance investment and knowledge trainings fund by the EU (disaggregated by sex) 2.2 Number of municipalities that have accessed green financing technical support, developed green investment-ready projects through EU support	2.1 2.2	2.1 2.2	2.1 programme reviews, annual reports, HR performance and training reports 2.2 Annual and ROM/ Results data reports, DFI reports	Access to green development financing will result in greater resource efficiency and increased local economic activity allowing for a more equitable distribution of service delivery
Outcome 3	Increased inclusive and gender-sensitive resilience and response capacity to CC enhanced by community civic engagement and awareness on green social and economic benefits and opportunities	3.1 Number of CSOs, community-based organisations, rights-holders (in particular women, youth and people-with-disabilities), change-makers, local authorities (non-municipal) who have accesses or participated in green awareness and capacity-building programmes supported by the EU (disaggregated by sex/age/disability status) 3.2 Number of community-facing, innovative and green, women, youth and people-with-disabilities –led, change-makers driven, initiatives and small and micro-enterprises supported by the EU (disaggregated by sex/age/disability status of initiative owner/leader)	3.1 3.2	3.1 3.2	3.1 3.2	A better informed and engaged civil society community groups will increase rate and level of collective climate change mitigation action and social inclusion
Output 1.1 relating to Outcome 1	Increased adoption and implementation of greener service delivery practices (nature-based approaches) for inclusive, gender-responsive, and efficient, managerial and operational implementation (Greening	1.1.1. Number of e-governance solutions adopted to improve urban management, local revenue mobilisation and service delivery are operationalized through support 1.1.2. Number of municipal staff trained in digital skills and technology (disaggregated by sex) 1.1.3. Number of municipalities, districts, and institutions supported through knowledge and capacity-	1.1.1 1.1.2 1.1.3	1.1.1 1.1.2 1.1.3	1.1.1 Progress reports, ICT reports, budget reports, 1.1.2. Annual reports, progress reports, programme evaluations	There is a presence of internet, pre-existing service delivery processes set to benefit from supported e-government solutions

	Municipalities guidelines and ethics)	building, particularly on energy and water efficiency, waste management and transport, gender responsive service delivery and gender budgeting;			1.1.3 Annual reports, progress reports, programme evaluations	
Output 1.2 contributing to Outcome 1 (or Specific Objective 1):	Increased adoption and installation of inclusive green infrastructures (digital and data solutions; and smart technologies), for improved municipal capacities and capabilities.	1.2.1. Number of municipalities that have benefited from EU advisory support on digitalisation of services and technology needs mapping 1.2.2 Status of e-governance digital technologies and systems by municipalities through EU support 1.2.3 Number of municipalities that have accessed advisory support on or installed resource monitoring, surveillance and sensory systems and technologies required for greening existing infrastructure through EU support	1.2.1 1.2.2 1.2.3	1.2.1 1.2.2 Adopted 1.2.3	1.2.1. technical advisory reports, annual reports, programme evaluation reports 1.2.2 budget reports, information systems reports, MIMI data results 1.2.3 revenue reports, annual reports, information system reports, MIMI data results, technical advisory reports	There is pre-existing appetite by municipal workers to adopt, install and utilize innovations and infrastructures once made available
Output 2.1 relating to Outcome 2	Improved knowledge of and capacity to access sustainable and innovative financing ecosystems and opportunities available to municipalities	2.1.1. Number of municipal officials trained and advised on green financing solutions, sustainable financing, approaches and instruments offered through the EU, DFIs and MS (disaggregated by sex) 2.1.2. Number of municipalities advised on the preparation of and inform on diversified options for cities to increase access to public and private funds including facilitating links between potential projects and investment institutions; providing guidance to prepare bankable proposals; attracting long term investment to scale up the pilot actions for instance by organising matchmaking sessions with investors. 2.1.3. Number of green infrastructure projects developed through EU resources and support	2.1.1 2.1.2 2.1.3	2.1.1 2.1.2 2.1.3	2.1.1 Training / workshop and similar reports 2.1.2 technical advisory reports, 2.1.3. infrastructure roadmaps, investment reports, technical advisory reports, budget vote speeches	Municipalities demonstrate a willingness and commitment in developing investment ready green projects linked to national government priorities
Output 2.2 Relating to outcome 2	Improved investment attraction capacity of municipalities for the development of green projects, investments and programmes	2.2.1. Number of pilot projects supported by the EU 2.2.2. Number municipalities that have benefited from EU development grants and blended finance support	2.2.1 2.2.2	2.2.1 2.2.2	2.2.1 programme reports, annual reports, ROM 2.2.2 EU progress reports, budget vote speeches, annual reports	There is significant interest by financing institutions (DFIs, Banks, etc) to support green projects developed by municipalities.
Output 3.1 relating to Outcome 1	Improved green awareness and comprehension	3.1.1. Number of awareness raising and empowerment initiatives for local authorities and technicians facilitating processes with green, gender and social equity approaches supported by the EU 3.1.2. Number of people participating in green and climate change active citizenship awareness raising through EU supported civil society or community-based	3.1.1 3.1.2	3.1.1 3.1.2	3.1.1. training/workshop/seminars reports 3.1.2. CSO programme reports, surveys, IEC voter reports	Negative outcomes of climate change are experienced where linkages to awareness raising will result in overall community response and action to climate change.

		organisations (disaggregated by sex/age/disability status).				
Output 3.2 relating to Outcome 1	Improved CSO participation in municipal planning, budgeting and decision-making;	3.2.1 Number of independent public dialogues, implementation progress reports, impact reports, and social audit exercises completed by CSOs/Changer-makers/community-based organisations through EU funding 3.2.2. No of civil society organisations –in particular women, youth, people with disabilities and the most vulnerable- capacitated to meaningfully participate in municipal infrastructure decision-making processes, governance and accountability; supported by the EU (disaggregated by type of organisation)	3.2.1 3.2.2	3.2.1 3.2.2	3.2.1. consolidated indicator count, programme evaluation reports 3.2.1 social audit reports, CSO annual reports, programme evaluation reports	Municipalities demonstrate a willingness to engage communities on planning, budgeting and decision making
Output 3.3 relating to Outcome 1	Promoted entrepreneurship and active participation of women, youth and people with disabilities in local green initiatives	3.3.1. Number of grants awarded for cso- women, youth and people-with-disabilities -led innovations and green initiatives aimed at complementing municipalities in the provision of public services (e.g. green low-cost toilets with waste to fertilizer or electricity; solar technologies etc.) (disaggregated by type of organisation) 3.3.2. Number of change-makers, community leaders (non-municipal/CSO traditional leaders, individuals) that have accessed EU technical support for community-facing green innovations (disaggregated by sex/age/disability status).	3.3.1 3.3.1	3.3.1 3.3.1	3.3.1 programme reports, CSO progress reports 3.3.2. technical advisory reports, CSO reports	Potential for secondary markets and localised economic activity exists where demand for innovations can be generated.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

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

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 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 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.

4.3.1 Direct Management (Grants)

Grants: (direct management)

(a) Purpose of the grant(s)

It is proposed to award grants contributing to **Outcome 3: Increased inclusive and gender-sensitive resilience and response capacity to CC enhanced by community civic engagement and awareness on green social and economic benefits and opportunities**. One key expected result from these grants is to ensure that service delivery champions in government, institutions on the one hand, and community members on the other are connected to support and reinforce each other's efforts (to improve green awareness, promote active and inclusive citizenry; or the promotion of local socio-economic development).

(b) Type of applicants targeted

Legal entities, natural persons or groupings without legal personality, local authorities, public bodies, international organisations, NGOs, economic actors such as SMEs or business associations, profit or non-profit organisations, political analyst and think tanks. Applicants should be able to demonstrate their capacity and/or willingness (in instances of capacity deficiencies) to implement a human rights-based approach and gender mainstreaming.

(c) Justification of a direct grant

Direct award to the South African Local Government Association (SALGA)

Under the responsibility of the Commission's authorising officer responsible, a grant may be awarded without a call for proposals to the South African Local Government Association (SALGA).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because SALGA is in a legal or factual monopoly situation (Article 195 (c) FR) as it is the constitutionally mandated organisation responsible for local government

oversight. SALGA is a public entity composed and representing the 257 South African local governments/municipalities¹³.

The **aim of the grant** is to support SALGA's mandate, analysis capacities and attempts to offer greener solutions to service delivery problems faced by local and municipal governments on one hand and to support its capacities to effectively share findings and recommendations on the subject with all its members on the other. The **expected result** - building on SALGA's mandate and prioritisation of ICT/innovation; research and knowledge management; strategic partnerships; and strategic profiling – serving as a platform for conversations about local government and educational initiatives - to help local government fulfil their developmental obligations by adopting inclusive, sustainable, greener, digital and smart technology-based service delivery practices and solutions.

Moreover, the nature and the administrative power of the institution in the South African local government sphere are beneficial to the action in accordance with Article 27(3) NDICI-Global Europe Regulation.

Direct award: SA Civil Society Organisation

Under the responsibility of the Commission's authorising officer responsible, a grant may be awarded without a call for proposals to a civil society organisation selected using the following criteria:

- (i) SA established CSO with national and local remit;
- (ii) with a proven track record of ongoing engagement, partnership and work with community organisations, CSOs as well as National and sub-National Governments institutions and bodies;
- (iii) has specific technical expertise and internationally recognised, global, independent, and comparable tool (Open Budget Survey - OBS, Metro OBS) to research and measure government practices in budget transparency, participation, accountability and oversight,
- (iv) which it uses to strengthen citizens and Civil Society Organisation – including Community Based Organisations - skills and capacities to increase public participation; access budget information; advocate for sustainable, transparent, inclusive, and accountable budget processes; monitor the efficient and effective delivery of services to engage authorities for better spending of public resources on basic services in SA; and
- (v) demonstrating sufficient operational, logistical, management and financial capacities, with experience in sub-granting to CSOs;

The **objective of the grant** under Outcome 3 is to, on the one hand, ensure that budget processes in the selected municipalities increase access to services for all (including women and vulnerable groups) and, on the other, that the beneficiary communities are empowered to measure and/or monitor the service delivery performance and engage in a dialogue with the authorities. The **expected result** is increased oversight over the selected municipalities performance and governance that enhance transparency and accountability and improved service delivery.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified for activities with specific characteristics that require a particular type of body on account of its technical competence and/or its high degree of specialisation (Article 195 (f) FR).

4.3.2 Direct Management (Procurement)

O1: To improve/enhance the performance/effectiveness and resilience of municipalities

Procurement will contribute to the achievement of the specific objectives of the action. A technical assistance facility may be procured through a service contract to enable progress towards the action's Outcome 1 - improve/enhance the performance/effectiveness and resilience of municipalities.

¹³ SALGA is also recognised in terms of the Organised Local Government Act, 1997 (Act No. 52 of 1997) and is listed as a Schedule 3A public entity under the Public Finance Management Act of 1999

The procurement contract may support the beneficiaries to develop attractive and bankable pilot projects and/or support EU in the design and evaluation of the Call(s) for proposals.

4.3.3 Contribution to Africa Investment Platform

O2: To improve access to green investments for municipalities

This contribution may be implemented under indirect management with the entities, called Lead Finance Institutions, identified in the appendix 2 to this Action Document which will be selected by the Commission's services using the following criteria: (a) experience with smart and environmentally sustainable subnational and urban development projects; (b) ability to mobilise European experiences in water, energy or waste management notably at local/subnational levels; (c) presence in South Africa; (d) ability to deliver sound technical assistance on innovative municipal management solutions that include infrastructure project development experience in different countries in Africa and globally.

4.3.4 EFSD+ operations covered by budgetary guarantees

O2: To improve access to green investments for municipalities

Outside the scope of the action but complementary to it, guarantees from the EU budget may support access to finance for municipalities or the private sector as relevant. A part of this action may be implemented through budgetary guarantees under indirect management. The budgetary guarantees would fall within the following priority areas of the MIP: PA 1, in particular SO3: Cities and hubs of green and sustainable transformation supported; and PA 2, in particular SO2: Service delivery improved, notably through digital and innovative solutions.

This section 4.3.4 is included for information purposes only.

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

In case implementation through indirect management cannot take place due to circumstances outside of the Commission's control, the EU Delegation keeps the right to implement the action with one or more organisations not pillar-assessed as alternative implementation modality under direct management modality through grants.

4.4 Scope of geographical eligibility for procurement and grants

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

The Commission's authorising officer responsible may extend the geographical eligibility 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).

4.5 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Implementation modalities – cf. section 4.3		
Objective 1: To improve/enhance the performance / effectiveness and resilience of municipalities composed of	8 000 000	
Procurement (direct management) – cf. section 4.3.2	8 000 000	

Objective 2: To facilitate municipalities green investments composed of	3 500 000	
Indirect management with Lead Finance Institutions identified in the appendix to this Action Document - cf. section 4.3.3	3 500 000	
Objective 3: To increase inclusive and gender-sensitive resilience and response capacity to CC enhanced by community civic engagement and awareness on green social and economic benefits and opportunities composed of	3 000 000	
Grants (direct management) – cf. section 4.3.1	3 000 000	
Grants – total envelope under section 4.3.1	3 000 000	
Procurement – total envelope under section 4.3.2	8 000 000	N.A.
Evaluation – cf. section 5.2 Audit – cf. section 5.3	200 000	N.A.
Contingencies	300 000	N.A.
Totals	15 000 000	

4.6 Organisational Set-up and Responsibilities

The EU Delegation and the lead department of government will set up a Project Steering Committee (PSC) and act as Co-Chairs. This PSC will provide strategic and policy guidance on project implementation, review and endorse annual work plans, monitor project outputs and achievements, address obstacles and challenges identified in the project implementation. It will include representatives from relevant government departments, institutions and agencies such as National Treasury, AGSA, Department of Energy, Department of Water and Sanitation, Department of Human Settlement, SALGA, MISA or MIG. Representatives of pilot cities, research institutions and experts as well as relevant national or international organisations may be invited to PSC meetings as necessary. The PSC will hold regular bi-annual meetings, plus ad-hoc meetings should the need arise.

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

A support team will be appointed following the selection of a service provider (international tender). This team will assist lead department governing bodies.

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 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). Indicators shall also be disaggregated at least by sex. All monitoring and reporting shall assess how the action is taking into account the human rights based approach and gender equality.

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

Roles and responsibilities for data collection, analysis and monitoring:

Baseline assessments, monitoring data and evaluation will be undertaken systematically during the project and at each level of intervention and will inform the approval of further activities by the Steering Committee. The log frame will be updated by the support team following the inception period. The support team, in close cooperation with the implementing partner, will assess the need and undertake specific surveys/studies for baselines/targets. An end-line study must be conducted if a baseline study is undertaken.

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

5.2 Evaluation

Having regard to the nature of the action, a mid-term evaluation may be carried out for this action or its components via independent consultants contracted by the Commission. All evaluations shall assess to what extent the action is considering the human rights-based approach as well as how it contributes to gender equality and women's empowerment. Expertise on human rights and gender equality will be ensured in the evaluation teams.

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

The Commission shall inform the implementing partner at least 60 days 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 dissemination¹⁴. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

5.3 Audit and Verifications

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

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

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

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources

¹⁴ See best [practice of evaluation dissemination](#)

will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

An Intervention¹⁵ (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: ‘a given contract can only contribute to one primary intervention and not more than one’. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a ‘support entities’. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as:

Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action

¹⁵ [Ares\(2021\)4450449](#) - For the purpose of consistency between terms in OPSYS, DG INTPA, DG NEAR and FPI have harmonised 5 key terms, including ‘action’ and ‘Intervention’ where an ‘action’ is the content (or part of the content) of a Commission Financing Decision and ‘Intervention’ is a coherent set of activities and results which constitutes an effective level for the operational follow-up by the EC of its operations on the ground. See more on the [concept of intervention](#).

Appendix 2 LIST OF LEAD FINANCE INSTITUTIONS

Name	
Agence Française de Development	AFD
European Investment Bank	EIB
Financierings-Maatschappij voor Ontwikkelingslanden N.V.	FMO
Kreditanstalt für Wiederaufbau	KfW Development Bank
Development Bank of Southern Africa	DBSA
African Development Bank	AfDB
World Bank Group	WBG
Industrial Development Corporation	IDC