



MULTIANNUAL INDICATIVE PROGRAMME
between the REPUBLIC OF SOUTH AFRICA and the EUROPEAN UNION
for the period 2014-2020

1. The overall lines of the European Union Response

1.1. Strategic Objectives of the EU's relationship with the partner country

The strategic objectives of the EU's relationship with South Africa are set out in the South Africa-European Union Strategic Partnership, Joint Action Plan of May 2007, complemented by objectives in the Trade Development and Cooperation Agreement and the Development Cooperation Instrument.

The *South Africa-European Union Strategic Partnership*, which is one of ten in the world, and the only country-level strategic partnership in Africa¹, refers to a number of objectives, including: promoting "development, socio-economic and political progress, as well as stability in a globalising world"; supporting the "struggle against poverty, racism and xenophobia".

In addition the *Trade Development and Cooperation Agreement (TDCA)* of 1999 sets out six objectives covering: a framework for dialogue; consolidating South Africa's transition process, including its harmonious and sustainable economic and social development; promoting regional cooperation; promoting the expansion of trade in goods, services and capital; encouraging South Africa's gradual integration into the world economy; and promoting cooperation in the mutual interest of South Africa and the EU. In the specific area of development cooperation these overall objectives are reaffirmed, along with the addition that priority shall be given to operations that help the fight against poverty. These objectives are deeply affected by the central task of overcoming the legacy of Apartheid.

The *Development Cooperation Instrument (DCI)* sets out a primary objective of "the reduction and in the long term the eradication of poverty" and calls for cooperation to contribute to (i) fostering sustainable economic, social and environmental development; and (ii) promoting democracy, the rule of law, good governance and the respect for human rights.

Under the new DCI² South Africa is eligible for bilateral cooperation, as an exceptional case, including in view of the phasing out of development grant aid. The multiannual indicative programme (MIP) takes this requirement into account: the bulk of the bilateral envelope will be committed over 4 years, whilst funds for Erasmus+ (and regional, if South Africa so wishes) will be committed over the full period 2014 – 2020.

¹ The other Strategic Partnerships are: Brazil, Canada, China, Japan, India, Mexico, Russia, South Korea, and the USA.

² Article 5 (2 b ii) and the respective Declaration of Regulation (EU) No 233/2014 of the European Parliament and the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014 -2020.

1.2. The importance of cross-cutting issues

As in the past the following cross-cutting issues will be brought into the mainstream of the chosen sectors of cooperation:

- *Gender equality and women's empowerment.* The main issue is translating policies into practice in all the MIP interventions to foster implementation of the strong constitutional, legal and policy framework, hampered by deep rooted societal norms and traditions that undermine the attainment of substantive equality. Actions will include women's access to employment, skills development, and delivering and receiving social services (including women specifically affected by HIV/AIDS), and tackling the issue of gender-based violence.
- *Environment/climate change.* Each MIP intervention will be in compliance with global environmental objectives and South African environmental policy, present and future. Special attention will be paid to mainstreaming environment and climate change related issues under the focal sectors. In this respect, coordination will be ensured with other EU funding sources.
- *HIV and AIDS.* All interventions will contain, where relevant, a capacity building, awareness, and human-resources component as a response to the pandemic, including actions aimed at changing behaviour.
- *Other key issues:* Addressing other key issues will be important, such as disability and good governance. In the area of good governance sound public financial management, including taxation, service delivery, and accountability and the participation of targeted beneficiaries in delivery processes shall be addressed.

1.3. Choice of Sectors

Donor coordination is quite strong in South Africa and relies upon a joint shared analysis and on the recognition that the South African National Development Plan (NDP) provides a very solid basis for programming and that the EU response should focus on its three priority sectors. Such choice builds also on numerous other factors identified in collaboration with the Government of South Africa, EU Member States, other development partners, and civil society:

- strategic objectives of the South Africa-EU relations;
- strategic objectives of EU development cooperation with South Africa, especially poverty eradication;
- objectives of the EU "Agenda for Change" and related documents;
- priorities of the South African Government³;
- areas where the EU can provide value added also taking into account an appropriate division of labour with EU Member States and with other development partners;
- funds available; and
- performance of the potential sector for cooperation.

From further discussions two criteria emerged as key: the priorities of the South African government and the areas where the EU can provide added value.

³ Notably from its own Diagnostic and National Development Plan – 2030.

First, the NDP which aims to ensure improved standards of living for all South Africans through the elimination of poverty and reduction of inequality has prioritised three areas: employment creation; education, training and innovation; and building a capable and developmental state.

Second, the low percentage, in relative terms, of EU development cooperation, compared to the overall budget (estimated at about 1% and falling) has led to taking an innovative "value added" approach which looks beyond the finance itself to what comes with it, namely best practice, innovation, risk-taking, pilot programmes, systems development, capacity building, and above all skills and knowledge. Moreover, the EU response may be complemented by operations financed by the European Investment Bank (EIB) taking into account synergies mainly in the areas of education and employment. Possible synergies could be facilitated through the use of blending aid delivery mechanisms for further beneficial effects.

On such basis the following sectors are proposed:

- Employment creation
- Education, training and innovation
- Building a capable and developmental state

As described below these three areas are in many respects interdependent – employability depends on education; good skills training for employment depends on a good education system; and making it all work depends on the implementation capacity of the state.

1.3.1. *Employment creation – sector 1*

The justification for the choice of "employment creation" is as follows:

- Employment -or more simply "jobs"- is one of the three priority areas identified by the Government from among thirteen areas in their NDP.
- The main elements of the challenges in this domain have been eloquently described in the 2011 Diagnostic Report of the National Planning Commission in preparation of the NDP⁴: South Africa has extremely high rates of unemployment and underemployment deriving to a great extent from unoccupied out-of-school youth and adults. The inactivity of broad sections of society reduces South Africa's potential for economic expansion. For growth to be inclusive it must necessarily involve a broader section of working age people. Another reported challenge, mostly affecting young black women living outside urban areas, is represented by discouraged workers, i.e. those not anymore actively seeking employment. Unemployment was allowed to grow over many years of economic stagnation and "separate development" policies. Over 25 years, there has been no net job creation for a growing African population and thus unemployment peaked in 2001 at 31%. Ultimately positive and sustained growth between 1997 and 2008 did make inroads into unemployment, falling to 23%. The global economic downturn now poses uncertain challenges towards efforts to further reduce unemployment.
- The key issue is that although unemployment rates have changed over time, they are now hovering around 25%, and are as high as 50% for youth (15-24 years), making it difficult to address poverty and inequality⁵. The issue of youth unemployment represents a

⁴ Diagnostic Report, National Planning Commission, Department: the Presidency, Republic of South Africa, June 2011, page 9.

⁵ These and other references are taken from the Quarterly Labour Force Survey.

considerable potential threat to the stability of South Africa⁶. There is also a clear mismatch between high demand of skilled/experienced labour and oversupply of unskilled workers as stated by the Department of Labour (DoL). More than 90% of the unemployed do not have tertiary education and almost 60% have not completed secondary education.

- The EU can add value to this area through the lessons learnt from previous and existing programmes, such as the Risk Capital Facility; Employment Creation Programme; and the National Development Policy Support Programme. In addition, the EU can draw on policy and experience in Europe, notably from the Europe 2020 programme and its flagship programmes in this area: "An industrialisation policy for the globalisation era"; "An agenda for new skills and jobs"; and potentially the "European Platform against Poverty". Furthermore, Europe's experience on "green jobs", the recent Youth Guarantee, and guidance on business and human rights (as laid down in guides for employment and recruitment agencies and Small and Medium Enterprises (SMEs)) could be beneficial.
- To the extent that increased employment/reduced unemployment contributes to social inclusion, this area could contribute to the 20% "social inclusion and human development" objective; systematic efforts will be pursued to ensure that the "green jobs" dimension is an integral part of the activities, so that this sector effectively contributes to the 20% "low carbon and resilient society" objective, mentioned in the Agenda for Change.
- Furthermore, the NDP calls for an inclusive and integrated rural economy, which requires investment in capacity building, more support towards small enterprise development and incubation for job creation, particularly in areas such as agro enterprise, agro- processing, forestry, fisheries, tourisms, green economy, and innovative market access amongst smallholders and small enterprises.

1.3.2. Education, training and innovation – sector 2

The justification for the choice of "education, training and innovation" is as follows:

- Education, training, and innovation represent one of the three priority areas chosen by the Government from among thirteen areas in their NDP.
- The main elements of the challenges in this domain have been described in detail in the 2011 Diagnostic Report of the National Planning Commission⁷: Since 1994, education in South Africa has undergone several broad reforms. While access to and participation in education has increased and is now nearly universal, efforts to raise the quality of education for poor children have largely failed. Only a small minority of black children attend former white schools and a small minority of schools perform well in largely black areas. Literacy and numeracy test scores are low by African and global standards, despite high government spending (about 6% of GDP). South Africa's teachers are also among the highest paid in the world (in purchasing power parity terms). While scores of learners in historically white schools improve with successive years of schooling in the majority of schools with black learners, the learner scores start off lower, and show relatively little improvement between grades 3 and 5.
- The key issue is that although there is high access to education there is low quality. The current system is characterised by high access, but also deficiencies such as low quality learning outcomes, high drop outs, teachers' absenteeism, and critical gaps in teacher' subject knowledge and teaching abilities. Additional concerns include poor sanitation,

⁶ Across different racial groups unemployment varies: 28% black, 24% coloured, 12% Indian/Asian, and 7% white. Unemployment is for men around 27% and for women around 23%. However the absorption rates (number of employed as a percentage of the population) are much higher for men – around 50%, whilst only 37% for women. Among the unemployed, two thirds have been unemployed for more than a year.

⁷ Diagnostic Report, National Planning Commission, Department: the Presidency, Republic of South Africa, June 2011, page 13.

which especially affects girls, and high levels of gender based violence. Only 30% of students passing the end of school exam (the matric) receive a pass that qualifies for university entrance; around 60% of students drop out of school between grades 9 and 12 for various reasons: “no money for fees” (25.1%), “education is useless” (11.3%); family commitments (9%); disability (5%) and pregnancy (4%)⁸. Teachers' absenteeism is on average 24 days per teacher per year⁹, and only 46% of grade 6 teachers were able to solve a level 6 algebraic problem¹⁰.

- The education system is critical to improving the economy and for society to develop. It has a central role in overall economic performance and providing people with the skills, knowledge and attitudes necessary to enhance both the individuals' prospects and create a more prosperous and just society, including the importance of girl's education for their development and transforming gender roles. Education can help to address stereotypes and gender issues. If the education system does not perform, the economy will not perform, and nor will individuals be able to participate fully in the economy. Indeed education has a critical role in ensuring the employability of all men and women and addressing the employment challenges of South Africa, thus contributing to the fight against unemployment, poverty and inequality.
- The EU can add value in this area through the lessons learnt from previous and existing programmes, such as the Primary Education Sector Policy Support Programme; the Erasmus Mundus scholarships; the Edu-link programme for strengthening higher education institutions; the "Innovation for Poverty Alleviation Programme", and the on-going FP7 and planned Horizon 2020 programmes. The EU can also draw on policy and experience in Europe, notably from the Europe 2020 and its flagship programmes, such as "Innovation Union"; "Youth on the Move"; and "A Digital Agenda for Europe". In this context, it would be specifically worthwhile to focus capacity-building in the historically disadvantaged institutions.
- Despite improvements made in the area of innovation, a remaining problem lies in the commercialisation of research results. Capacity building to improve the implementation of the National System of Innovation and other respective legislation will help in overcoming this problem and thus contribute to competitiveness, growth and employment.
- Collaboration in this area could contribute to the "social inclusion and human development" 20% objective mentioned in the Agenda for Change.

1.3.3. Building a capable and developmental state – sector 3

The justification for the choice of "building a capable and developmental state" is as follows:

- Building a capable and development state is one of the three priority areas chosen by the Government from among thirteen areas in their NDP.
- The main elements of the challenges in this area have been described in detail in the 2011 Diagnostic Report of the National Planning Commission¹¹. Despite the very progressive formal Constitutional and other legal provisions in force protecting and advancing citizens' rights there is often a significant gap between policy aspirations and implementation on the ground. Tensions in the political/administrative interface, instability of the administrative leadership, skills deficits, the erosion of accountability and authority structures, poor organisational design, inappropriate staffing and low staff morale are amongst the complex factors influencing the uneven performance of the South African

⁸ Figures from the General Household Survey, 2009-12.

⁹ National Education Evaluation and Development Unit, 2012.

¹⁰ Southern and Eastern Africa Consortium for the Monitoring of Educational Quality III Report, 2007.

¹¹ Diagnostic Report, National Planning Commission, Department: the Presidency, Republic of South Africa, June 2011, page 22.

public service. Despite the extension of basic services (education, health, social security, infrastructure etc.) post-1994, concerns have been raised about their quality and particularly the level of variation in service delivery. In recent years, this has led to waves of service delivery protests.

- The key issue here is that although the South African government has been widely praised for its ability to produce high-quality policy documents it has at the same time been widely criticised for its inability to implement these policies. An example is the high level of gender based violence, despite the large number of policies, laws, and structures created to promote gender equality. The recognition of this fundamental difficulty in the NDP has elevated the critical issue to a higher level, with an opportunity to improve social cohesion and governance (among others).
- The EU can add value in this area through the lessons learnt from previous and existing programmes, such as the Financial Management Improvement Programmes, the Programme to Support Pro-poor policy development, the Urban Renewal Programme, the Legislative Sector Policy Support Programme, and the National Development Policy Support Programme. The EU can also draw on policy and experience in Europe, notably from the Europe 2020 programme, and the strategic governance of this programme, as well as the European Union's Cohesion Policy, and its structural funds which with its focus on regional and urban policy, promote economic, social and territorial cohesion within Europe.

2. Financial Overview - EUR 241 million indicative allocation

- Sector 1: Employment creation: 30-40%
- Sector 2: Education, training and innovation: 30-40%
- Sector 3: Building a capable and developmental State: 25-30%
- Other, including regional up to 10%

3. European Union support per sector

3.1. Employment creation – sector 1

3.1.1. *The following overall and specific objectives will be pursued*

Overall objective: to assist the Government in reducing unemployment from around 25% (2013) to 14% (2020).

Specific objectives are:

- SO1: employment creation and active labour market policy making and implementation improved, including scaling up in the area of "green jobs" and green technology for low carbon development;
- SO2: the cost of doing business, especially for Small, Medium, and Micro Enterprises (SMME) reduced; and
- SO3: actions in the area of skills development and placement assistance enhanced.¹²

¹² Activities in this area will in particular be coordinated with those under the "Education, Training and Innovation", in particular, SO2 covering Technical and Vocational Education and Training.

3.1.2. For each of the specific objectives the main expected results are set out in Annex 3, Table 1

3.1.3. For each result, the main indicators are set out in Annex 3, Table 1

3.1.4. Donor coordination and policy dialogue – sector 1

Donor coordination takes place through the EU working group on employment. This group was formerly chaired by the UK's Department for International Development (DFID), but is now chaired by the EU Delegation. The EU's coordination with the South African Government takes place under the Employment and Social Affairs dialogue, which is one of the areas for dialogue established under the Strategic Partnership and the TDCA. This dialogue takes place through regular meetings that address particular topics and in preparation for the annual Joint Cooperation Council and Annual Summit between the European Union and the South African authorities¹³.

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

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

3.1.5. The Government's financial and policy commitments – sector 1

The Governments *policy commitments* are set out in a series of documents, most noticeably the NDP, the New Growth Path, and the Delivery Agreements under the Government's Outcome approach¹⁴ (especially, Outcome 4 and 5), and the Medium Terms Strategic

¹³ The Presidency, Department of Trade and Industry (DTI), the Economic Development Department (EDD), the Department of Higher Education and Training (DHET), the Department of Labour (DOL), Department of Social Development (DSD), and the Department of Communication (DOC).

¹⁴ The Outcomes approach was adopted by government as a planning tool to track progress in the delivery of government programmes. Twelve Outcomes were agreed by the Cabinet in 2010: (1) Basic Education; (2) Health; (3) Safety; (4) Employment; (5) Skills; (6) Economic Infrastructure; (7) Rural Development; (8) Integrated Human Settlement; (9) Local Government; (10) Environment; (11) National and International Relations; (12) Public Service.

Framework. In addition, the Industrial Policy Action Plan 2 (IPAP 2), the Social Accords,¹⁵ the National Skills Development Strategy (currently NSDS III), and the National Youth Policy and Integrated Youth Development Strategy for South Africa provide policy orientations. With the objective of reducing unemployment from around 25% (2013) to 14% (2020), key features of these policy documents are: (i) reducing the infrastructure constraints on business, such as energy and transport; (ii) offering tax incentives for employment, in particular unemployed youth; (iii) labour market reforms related to probationary periods, dismissal for non-performance or misconduct, and better dispute resolution mechanisms; (iv) harmonising approaches to encouraging local procurement; (v) developing and designing a suite of existing support mechanisms, including fine-tuning the Manufacturing Competitiveness Enhancement Programme (MCEP), and designing further sector-specific incentives for strategic sectors (in particular Green Industries, Farming and agro-processing and the Metals); (vi) strengthening demand-side skills planning through the development of customised artisan programmes in support of priority IPAP sectors; and (vii) support to Industrial National Centres of Excellence to integrate sector competitiveness and skills needs.

In the area of *developing a skilled labour force*, the Delivery Agreement for Outcome 5 (a skilled and capable workforce) focuses on skills planning, access to intermediate level learning programmes, particularly occupationally-directed programmes such as those for artisan training, access to high level learning programmes including those for professionals such as teachers, research, development and innovation. One area that might deserve further attention could be knowledge transfer and technical cooperation to meet international/EU standards to increase the export competitiveness of local businesses.

The Government's *financial commitments* are set out each February/March in its annual budget¹⁶ (covering year N) and its Medium Term Expenditure Framework (MTEF – covering years N+1 and N+2), which is updated in the Medium Term Budget Policy Statement (MTBPS) around October each year. The Budget Review 2014 shows consolidated government expenditure (central and provincial) on employment and social security¹⁷ to be ZAR 47.9 billion for 2013-14, rising on average by 13.1% per year to ZAR 69.3 billion in 2016-17.¹⁸ As such employment and social security represents about 4-5% of consolidated government expenditure.

However, the overall budget allocation mentioned above covers all the work of all the departments involved in this area. If we look at specific programmes designed to address unemployment the allocations are smaller, currently standing at a little over ZAR 4.5 billion per year. The main programmes are: (i) The *Expanded Public Works Programme*, which aims to create 1.08 million (435,000 full-time equivalent) work opportunities and training for unskilled, marginalised, and unemployed in 2014-15, has a total budget of ZAR 1.95 billion in 2013-14 rising to ZAR 2.40 billion in 2016-17; (ii) the *Community Works Programme*, which provides work opportunities for around 172,000 people, contributes to developing public assets in poor communities has a budget of ZAR 1.73 billion in 2013-14 rising to ZAR

¹⁵ There are six "accords": Accord 1: National Skills Accord; Accord 2: Basic Education and Partnerships with Schools; Accord 3: Local Procurement Accord; Accord 4: Green Economy Accord; Accord 6: Youth Employment Accord. Accord 5 on industrial relations, "The October Accord", is still to be published.

¹⁶ The South African budget year runs from April to March.

¹⁷ The functional classification of the South African budget does not separate "employment" from "social security".

¹⁸ The EUR – ZAR exchange rate has been determined on the basis of values as of March 2013 and is therefore indicative.

3.71 billion in 2016-17. It is the Government's intention that this programme should expand from covering 140 to 234 municipalities by 2016-17. (iii) The *Employment Creation Facilitation Fund* (which includes the Jobs Fund) is run by the National Treasury with a budget of ZAR 0.95 billion rising to ZAR 1.39 billion in 2016-17 and aims to create 150,000 job opportunities. (iv) the *Employment Creation Fund* is a donor financed fund administered by the Department of Trade and Industry (DTI) and has a total budget of ZAR 1.63 billion (EUR 100 million from the EU, and GBP 15.6 million from DFID, UK) aiming to provide around 60,000 job opportunities.

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

3.1.6. Overall risk assessment of the sector intervention – sector 1

Political risk: the risks associated with human rights, democracy, the rule of law, and insecurity can be considered low. The objective of reducing unemployment and inequality can be expected to remain a central challenge for South Africa.

On *public financial management and the budget*, the budgets of all Departments are comprehensive and transparent. The most recent audits by the Auditor General indicate that there is a mixed picture in terms of controls in budget execution and procurement. Some Departments that cover the area of employment have seen audit outcomes of their portfolios improve (Department of Cooperative Governance and Traditional Affairs (COGTA), Economic Development); whilst others have seen no change (Public Works, Labour); or even regressed (DHET, DTI).¹⁹

On *corruption and fraud*, South Africa is one of the least corrupt countries in Africa and has equal or lower levels of corruption than other emerging economies. However, levels of corruption are perceived to be increasing and the NDP identifies fighting corruption as one area where work is needed; however, in the area of employment it is not considered to be a major risk.

The issue of *macroeconomic risks* can be considered from two perspectives – policy, and outturns. In terms of policy the risks are low, with policy based on the three principles of counter-cyclicality, debt sustainability, and intergenerational fairness, combined with inflation targeting and a flexible exchange rate to absorb shocks. On outturns the low growth rates and reduced investor confidence means that the country may face a period of jobless growth. It is here that the main risks to the Government's employment objectives can be found.

Turning to *developmental risks* there are many active labour market policies aimed at addressing employment – the Expanded Public Works Programme, the Community Works Programme, the Jobs Fund, the Employment Creation Fund, the National Skills Fund, and public employment services. More recently the Government has introduced proposals for a tax credit to companies that employ youth. However, the large number of departments involved in employment makes the coordination of policy and its implementation of the many

¹⁹ For both the DHET and the DTI it is because of the performance of auditees that form part of their portfolio, with the Departments themselves receiving unqualified audits.

different programmes frequently complex with the attendant risks for the implementation of any programme of support. Many observers consider the major challenge to be raising the growth rate (and therefore absorb labour as happened before 2008), addressing skills mismatches, as well as product and labour market policies, which are often seen as oligopolistic (notably in the commentary of the International Monetary Fund (IMF) and therefore uncondusive to employment, investment, and enterprise. The challenges in these areas highlight the fact that the ambitious objectives on employment will be particularly difficult to meet.

In terms of *mitigation measures* all Departments have a number of key commitments made by Ministers to address audit concerns. In addition the strengthened dialogue on policy and implementation (the third specific objective) is expected to lead to a greater exchange of information on employment matters. Measures to mitigate possible effects on EU support will be addressed during programme preparation and will include identifying key actors, ensuring appropriate coordination, focusing financial support primarily on areas – notably SMMEs support – with large employment potential even in the context of a low growth rate, and addressing major design issues such as modalities and disbursement criteria.

3.2. Education, training and innovation – sector 2

3.2.1. *The following overall and specific objectives will be pursued*

Overall objective: to assist the Government in transforming the education, training, and innovation system so that it can contribute to improved economic performance of the country

Specific objectives are:

- SO1: teaching and learning at pre-school and primary school level improved;
- SO2: access to and quality of Technical and Vocational Education and Training (TVET) and Community Colleges (CC) improved;²⁰
- SO3: Higher Education Institution (HEI) capacity, and graduate, post-graduate and research output improved (cross-referenced to the Erasmus+ DCI MIP, and Horizon 2020 funded projects);
- SO4: capacity for Teacher Education within Higher Education Institutions (HEI) strengthened; and
- SO5: the functioning of a coherent and coordinated National System of Innovation improved.

3.2.2. *For each of the specific objectives the main expected results are set out in Annex 3, table 2*

3.2.3. *For each result, the main indicators are set out in Annex 3, table 2*

3.2.4. *Donor coordination and policy dialogue – sector 2*

Donor coordination takes place through the EU Development Counsellors' meetings and since 2012 through quarterly meetings of the "Education and Training Development Partners' Forum" chaired by the EU Delegation. The Science and Technology Counsellors also meet on a quarterly basis.

²⁰ Activities in this area will in particular be coordinated with those under the "Employment" area, in particular, SO3 covering actions in the area of skills development and placement assistance.

The EU's coordination with the South African Government takes place under the Education and Training dialogue, formalised in 2012 through a "Joint Declaration on Education and Training" and is instrumental in preparing the Joint Cooperation Council and the Summit. These dialogues take place between the European Union and the South African authorities²¹. Discussions have covered key topics such as: teacher training; school management and better outcomes; the policy/implementation hiatus; national/provincial responsibilities; inter-sectoral coordination at all levels; the role of parents, care givers and community; and the lack of norms and standards within Early Childhood Development (ECD) community centres.

Dialogue in the science and technology sector takes place through various fora, including the annual Joint Science and Technology Cooperation Committee meeting, regular side events to the Annual EU-SA Summit (called "Science at the Summit") and bilateral dialogues in the areas of science and technology, health, research infrastructure, marine research, space, environment, and ICT. On-going dialogue related to programmes and projects takes place mainly with the South African Department of Science and Technology.

Other main EU donors in the area of education, training and innovation are France, Belgium, Finland, the Netherlands, Germany, the UK, and the EIB. For France, the focus is on support to universities, professional training and skills development, and bursaries, whilst Belgium provides support to primary education (strengthening systems of in-service teacher training) as well as support for scientific institutions and cooperation between universities, as well as bursaries. Finland supports a regional programme in the area of biosciences (of which South Africa is a beneficiary), as well as a university cooperation programme. The Netherlands also has a university cooperation programme due to end in 2014. In addition, Denmark supports Further Education and Training Colleges (until 2014) and the German Academic Exchange Service (DAAD) is active in South Africa. For the UK the focus is on safety in schools, especially for girls. Germany's bilateral programme in the area of innovation has the objective of promoting energy efficiency and renewable energy technologies, as well as the development and implementation of adaptation initiatives. The EIB is also active in the funding of renewable energy projects.

3.2.5. *The Government's financial and policy commitments – sector 2*

The Governments *policy commitments* are set out in a series of documents, most notably the NDP which indicates the objective of improving education, training and innovation as one of three top priorities, the Delivery Agreements under the Government's Outcome approach (especially Outcomes 1 and 5), and the Medium Term Strategic Framework, which holds improving education, training and innovation as a priority.

For *basic education*, the Delivery Agreement for Outcome 1 (basic education) sets out four key outputs to contribute towards the NDP aspirations which are: (i) improve the quality of teaching and learning; (ii) undertake regular assessment to track progress; (iii) improve early childhood development; and (iv) ensure a credible outcomes-focussed planning and accountability system. The achievement of these outputs is contingent on the implementation of the "Action Plan to 2014: Towards the Realisation of Schooling 2025" which aims to strengthen weak areas in the education system that have been identified as needing support. The Plan is articulated through 27 goals of which 13 deal with outputs around the application

²¹ Department of Higher Education and Training. The on-going dialogue related to projects and programmes takes place mainly with the Department of Basic Education.

of minimum quality standards for learner achievement, access and progression, while the remainder are process type goals around a conducive learning environment for schools including well trained teachers, availability of resources and infrastructure improvements.

New policy developments to contribute towards the goals of the Action Plan to 2014 include the rolling out of the "Language in Education Policy" which embraces a multi-lingual approach with the 11 officially recognised languages in the country and recognises the well-researched notion that home language instruction promotes improved learner readiness to comprehend basic concepts of literacy and numeracy. The policy promotes home language instruction up to Grade 3. In addition, the White Paper on "Special Needs Education – building an inclusive education and training system" articulates the commitment and importance of mainstreaming of the inclusion of children with disabilities. The NDP 2030 gives significant importance to the area of early childhood development (ECD). In that regard the revision of an ECD integrated policy "An Integrated Early Childhood Programme of Action For Moving Ahead 2013- 2018" is underway and promises to include strategies to address learning and development from the earliest age including an additional preschool year for children below the Grade R (5-6 year olds) as indicated in the NDP. The "Integrated School Health Policy" (2012) reflects the commitment of the Departments of Health, Basic Education and Social development to provide an educational context that allows for the optimal health and development of school-going boys and girls. The Government's "Framework for Safety in Schools" reflects the commitment to ensure a safe learning environment for girls and boys. The "Integrated Strategic Planning Framework for Teacher Education and Development in South Africa" (Department of basic Education (DBE), Department of Higher Education and Training (DHET), 2011) provides a framework and a set of outputs for teacher education and development.

The Government's main policy commitments for *post-school education* and training are currently set out in a "White Paper for Post School Education and Training" (Jan 2014) which covers the college system (Technical and vocational education, and Community Colleges), universities, skills training, as well as specific topics such as addressing disability, opening learning through diverse modes of provision, and the qualifications framework. It foresees noticeably an expansion in Technical and Vocational Education and Training (TVET, from around 650,000 enrolments in 2013 to 2.5 million by 2030) and universities (from 940,000 enrolments in 2011 to 1.6 million by 2030), accompanied by a process that addresses quality, disability, distance and open learning, and greater clarity on skills training.

In the area of *innovation* the NDP states that South Africa's development, competitiveness and transformation will rely on the national system of innovation, which includes continued advances in technological innovation and the production of new knowledge. The delivery agreement for Outcome 5 on skills also includes the aspect of "research, development and innovation in human capital for a growing knowledge economy". It includes targets for increased outputs in terms of honours, research masters, and doctoral graduates, the provision of increased support to industry-university partnerships, and increased investment in research and development, especially in the science, engineering and technology sector. The Delivery Agreement is in line with the New Growth Path, the National Research and Development Strategy (NRDS) and the 10-Year Innovation Plan (10YIP) of the Department of Science and Technology (DST). The NRDS identifies pillars to address the challenges facing science and technology (S&T) as innovation, science, engineering and technology, human resources and transformation, as well as creating an effective government S&T system. The 10YIP aligns to the need to accelerate economic growth, while the New Growth Path addresses the need for

skills development, especially in new or competitive sectors, and the development of R&D policy and capacity.

The Government's *financial commitments* are set out each February/March in its annual budget²² (covering year N) and its Medium Term Expenditure Framework (MTEF – covering years N+1 and N+2), which is updated in the Medium Term Budget Policy Statement (MTBPS) around October each year. The Budget Review 2014 shows consolidated government expenditure (central and provincial) on education to be ZAR 240.5 billion for 2013-14, rising on average by 6.8% per year to ZAR 293.3 billion in 2016-17. As such education represents around 20% of consolidated government expenditure.

Looking at the main budget covering the central government departments, the Department of Basic Education goes from ZAR 16.1 billion in 2013-14 to ZAR 23.1 billion in 2016-17; whilst the Department of Higher Education and Training goes from ZAR 46.6 billion in 2013-14 to ZAR 57.9 billion in 2016-17. According to the Budget Review 2014, employee compensation accounts for an average of 59% of expenditure. The Department of Science and Technology's budget is planned to increase from ZAR 6.2 billion in 2013-14 to ZAR 7.6 billion by 2016-17. The largest increases are foreseen for the "Research, Development and Support", "Socio-economic Innovation Partnerships" sub-programmes of the department.

3.2.6. Overall risk assessment of the sector intervention – sector 2

Political Risk: The risks associated with human rights, democracy, the rule of law, and insecurity can be considered low. The emphasis on improving the quality education, including reducing inequality and ending gender-based violence in schools can be expected to be retained.

On *public financial management and the budget*, the budgets of the Department of Basic Education and Department of Higher Education and Training are comprehensive and transparent, as is that of the Department of Science and Technology. The most recent Auditor General's Reports for both departments (2011-12 and 2012-13) gave "financially unqualified with findings" statements. The Department of Science and Technology has a good track record in terms of audit outcomes - after a number of years of improvement, there was no major change in the last audit commentary with all reports being unqualified.

On *corruption and fraud*, South Africa is one of the least corrupt countries in Africa and has equal or lower levels of corruption than other emerging economies. However, levels of corruption are perceived to be increasing and the NDP identifies fighting corruption as one area where work is needed, however in the area of education, apart from public procurement, it is not considered a major risk.

The issue of *macroeconomic risks* can be considered from two perspectives – policy, and outturns. In terms of policy the risks are low, with policy based on the three principles of counter-cyclical, debt sustainability, and intergenerational fairness, combined with inflation targeting and a flexible exchange rate to absorb shocks. On outturns the low growth rates and reduced investor confidence means that the country may face a period of jobless growth. It is here that the main risks can be found, with risks that budgetary plans in the education.

²² The South African budget year runs from April to March.

Turning to *Developmental Risks* the education sector is guided by well-articulated policies. However, the challenge lies in implementation influenced by capacity constraints at provincial and district level, notably within the rural areas and the historically poorer communities in townships and former homelands. The key challenge is that in spite of sizeable budgetary allocations, educational outcomes remain low. Of particular concern has been the quality of teachers and instruction, something that was brought to the fore by the 2012 report of the National Education Evaluation and Development Unit (NEEDU), which identified lack of subject knowledge, poor motivation, and poor accountability evidenced by high levels of absenteeism and poor punctuality (some see the trade unions as having an unconstructive role in this area). In addition, the high levels of violence, including sexual harassment and abuse of learners, is also a matter of concern. One area where policy could be further strengthened is integrated Early Childhood Development policy, which has not yet succeeded in ensuring a coordinated inter-sectoral approach, and is now under review with the aim of being finalised in February 2014. With respect to the support to be provided to post-school education and training, developmental risk is considered to be low - most of Government's policy commitments expressed in the Green Paper have been taken up in the NDP and have been confirmed in a White Paper on "Post-School Education and Training" (DHET, 2013); in addition past and current experience with the Department of Higher Education and Training has been very positive. There is some risk of low initial uptake of new EU programmes such as Erasmus+. In the area of innovation the overall research and development expenditure as a percentage of GDP has decreased over the last few years (from 0.95% in 2006 to 0.87% in 2009) and there is a risk that innovation expenditure will fall below government objectives.

In terms of *mitigation measures* all Departments have a number of key commitments made by Ministers to address audit concerns. Measures to mitigate possible effects on EU support will be addressed during programme preparation and will include building on existing dialogues whether in education or science and technology, ensuring that the right partners for any future programme are identified as well as addressing major design issues such as modalities and disbursement criteria. Furthermore, possible EU interventions in support of teachers through pre-service and in-service training and the development of teaching cadres will contribute to reducing risk. On Erasmus+ possible risks of take-up of EU programmes can be mitigated through strong communication and support to higher education institutions.

3.3. Building a capable and developmental state – sector 3

3.3.1. *The following overall and specific objectives will be pursued*

Overall objective: to assist the state in fulfilling its developmental and transformative role, notably through improving service delivery.

Specific objectives are:

- SO1: systems of oversight strengthened;
- SO2: relations between national, provincial, and local government improved;
- SO3: the authority, experience, competence and support provided to public service staff to do their jobs is enhanced; and
- SO4: an active citizenry (women and men) in policy design, implementation, and monitoring and evaluation promoted.

3.3.2. *For each of the specific objectives the main expected results are set out in Annex 3, Table 3*

3.3.3. *For each result, the main indicators are set out in Annex 3, Table 3*

3.3.4. *Donor coordination and policy dialogue – sector 3*

Donor coordination takes place through the EU Development Counsellors' meetings. The EU's coordination with the South African Government takes place through a number of different structures. Of particular note is the "Donor Coordination Forum on Public Financial Management" which is convened by the National Treasury and takes place about four times a year. In the area of regional and urban policy, which is relevant to improving the performance of the state, the South African Government and the EU have recently taken initiatives to explore further collaboration. Dialogue between the South African Parliament and the European Parliament is currently conducted at least annually as part of the Inter-Parliamentary Meeting, and under a recent programme an annual "International Consultative Seminar" around a specific theme has been organised. Also of importance is the "Donor Coordination Forum on Gender and Human Rights including Gender Based Violence".

Other main EU donors in the area of capacity development in the public sector include Belgium, Germany and the UK. Belgium has a programme for funding a facility for Public Service Delivery Improvement, with Belgium (Flanders) offering support in the area of governance and strengthening civil society. Germany has a Governance support programme which aims to bring together public bodies, the private sector, and civil society to improve service provision. The UK has a programme in the area of public sector accountability working with the Department of Performance Monitoring and Evaluation to strengthen monitoring and performance for the poor in South Africa. France is planning support in the area of service delivery and local development, especially sustainable urban development.

3.3.5. *The Government's financial and policy commitments – sector 3*

The Government's *policy commitments* are set out in a series of documents, most noticeably the NDP which prioritises measures to build a capable, effective state that delivers services to citizens while encouraging business investment and growth, the New Growth Path, and the Delivery Agreements under the Government's Outcomes Approach²³.

The NDP sets out a number of policy measures aimed at improving alignment of responsibilities and budgets, improving coordination between the different spheres of Government and strengthening public service and local government. The NDP makes specific references to technology and its ability to improve service delivery in priority sectors such as health and education. More detailed objectives and actions exist in other documents. For example, the Delivery Agreement on local government (Outcome 9) with the Department of Cooperative Governance and Traditional Affairs (COGTA) in the lead, focuses on (i) developing a more rigorous, data driven and detailed segmentation of municipalities that lays the basis for a differentiated approach to municipal financing, planning and support; (ii) ensuring improved access to essential services; (iii) initiating ward-based programmes to sustain livelihoods; (iv) contributing to the achievement of sustainable human settlements and quality neighbourhoods; (v) strengthening participatory governance; (vi) strengthening the

²³ Especially, Outcome 9 on local government, Outcome 5 on service delivery and Outcome 8 on sustainable human settlements, and Outcome 12 on an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship), and the Medium Term Strategic Framework.

administrative and financial capability of municipalities; and (vii) addressing coordination problems and strengthen cross-departmental initiatives. In addition, government has a "Local Government Turn-Around Strategy" along with a "Local Government Ten Point Plan", which states as overall priority the improvement in universal access to quality and sustainable services and creating a responsive, accountable, effective and efficient local government system. The strategy commits, amongst other matters, to improving the quantity and quality of municipal basic services, enhancing job creation and sustainable livelihoods, deepening democracy, and building and strengthening the administrative, institutional and financial capabilities of municipalities. The Government also has a strategy on gender equality and women's empowerment in local government.

In the area of *public service* the Delivery Agreement (Outcome 12) seeks to build a public service that is efficient and effective. It anticipates a development oriented public service which is empowered, fair and promotes inclusive citizenship. Key elements include: (i) service delivery quality and access (including responsiveness, service user satisfaction, value for money, and access); (ii) human resource management and development (including performance development, performance assessment, recruitment, retention, career pathing, discipline, HR planning, and skills development); (iii) business processes, systems, decision rights and accountability management; and (iv) tackling corruption effectively. The Department of Public Service and Administration (DPSA), in the lead of Outcome 12, plays an important role in this sector by focusing on strengthening organisational structures and developing norms and standards, human resource management and development through business processes, systems and accountability management. The new National School of Government and the Public Service Commission are important agencies in this regard. Also included in Outcome 12, regarding citizenship, is a focus on nation building and national identity, citizen participation and social cohesion. The overall government policy priorities and commitments in this sector are unequivocal in building and strengthening the state's capability to ensure that citizens have universal access to quality and sustainable services and creating a responsive, accountable, effective and efficient system of governance across the three spheres of government.

The Government's *financial commitments* are set out each February/March in its annual budget²⁴ (covering year N) and its Medium Term Expenditure Framework (MTEF – covering years N+1 and N+2), which is updated in the Medium Term Budget Policy Statement (MTBPS) around October each year. There is no functional classification that could be considered close to covering the objectives of "building a capable and developmental state", although the "general public services" function, which perhaps comes closest, has a budget of ZAR 62.6 billion in 2013-14 set to increase to ZAR 74.1 billion in 2016-17.

However, turning to the main budget of government departments involved in this area gives an indication of the level of support. In the area of inter-governmental relations, the *Department of Cooperative Governance and Traditional Affairs* is in the lead with a budget of ZAR 57.4 million for 2013-14 rising to ZAR 74.3 billion in 2016-17. In the area of modernising the public service the *Department of Public Service and Administration* takes the lead with a budget of ZAR 0.8 billion in 2013-14 rising to ZAR 0.9 billion in 2016-17, which includes transfers to the National School of Government, and the Public Service Commission. In addition *Parliament* has a budget of ZAR 1.9 billion in 2013-14 rising to ZAR 2.2 billion

²⁴ The South African budget year runs from April to March.

in 2016-17. The *Department of Performance Monitoring and Evaluation* has a budget of ZAR 0.19 billion in 2013-14 rising to ZAR 0.23 billion in 2015-16.

Of particular interest in the oversight function are the six so-called Chapter 9 institutions²⁵. These institutions, which are expected to support constitutional democracy, are allocated around ZAR 2.0 billion, of which just over 75% is for the Electoral Commission. The Public Protector has a budget of ZAR 199 million in 2013-14 rising to ZAR 243 million in 2016-17; whilst the Auditor General has a budget of ZAR 40.8 million rising to ZAR 44.1 million in 2016-17; and Commission for Gender Equality has a budget of ZAR 63.1 million in 2013-14 rising to ZAR 74.5 million in 2016-17.

Looking at the finances it is important to note that just over half of all (non-interest expenditure) is carried out by Provincial and local Government. Within the 2013-14 main budget of South Africa of the total (non-interest) expenditure of ZAR 947.9 billion, ZAR 449.3 billion (47.4%) is allocated to national departments, ZAR 414.9 billion (43.8%) to Provinces, and ZAR 83.7 billion (8.8%) to local government. The total (non-interest) expenditure is expected to rise to ZAR 1.17 billion in 2016-17, but the allocations are expected to change only slightly (national share: 47.4%; provincial: 43.6%; and local government: 9.0%).

3.3.6. Overall risk assessment of the sector intervention – sector 3

Political Risk: The risks associated with human rights, democracy, the rule of law, and insecurity can be considered to be low. Given the importance of improving relations between the different spheres of government, promoting gender responsive governance, and improving the quality of public servants the broad policy orientations in this area can be expected to be retained in the coming years.

On *public financial management*, all Departments have comprehensive and transparent budgets. The most recent report of the Auditor General gives unqualified reports to COGTA, DPSA, DPME (Department of Performance Monitoring and Evaluation), and Parliament, with COGTA, DPSA, and DPME showing improvements, whilst Parliament shows no change. All Chapter 9 institutions have unqualified audit reports, apart from the South African Human Rights Commission. However, the main challenges lie in improving the audit outcomes at provincial and local government level, implying stronger internal control, supply chain management, and leadership. At provincial level, of the 95 departments audited 61% had financially unqualified statements, whilst 39% were either to be submitted or were financially qualified. For local government recent audit reports show that overall performance has regressed slightly, with more municipalities and public entities obtaining qualified or disclaimer audits (52% in 2011-12 compared to 48% in 2010-11). There are serious challenges to be faced in this area, and the risks can be considered moderate.

On *corruption and fraud*, South Africa is one of the least corrupt countries in Africa and has equal or lower levels of corruption than other emerging economies. However, levels of corruption are perceived to be increasing and the NDP identifies fighting corruption as one area where work is needed, and is central to building a more capable state.

²⁵ The six Chapter 9 Institutions (so-called after the chapter of the Constitution in which they were established) are: (i) The Public Protector (ii) The South African Human Rights Commission; (iii) The Commission for the Promotion and Protection of the Rights of Cultural, Religious, and Linguistic Communities; (iv) The Commission for Gender Equality; (v) The Auditor General; and (vi) The Electoral Commission.

The issue of *macroeconomic risks* can be considered from two perspectives – policy, and outturns. In terms of policy the risks are low, with policy based on the three principles of counter-cyclicality, debt sustainability, and intergenerational fairness, combined with inflation targeting and a flexible exchange rate to absorb shocks. On outturns the low growth rates and reduced investor confidence means that we may face a period of jobless growth. It is here that the main risks can be found, with risks that budgetary plans in this area might be affected. On the *development risks*, South Africa has displayed an ability to diagnose governance challenges and craft well-articulated policies to improve and strengthen governance systems in order to achieve the country's development and growth objectives. The major difficulty is translating the policy intentions into actions. In the area of building the capable and developmental state, the fact that this area was identified as a priority area during discussions on the NDP is cause for some confidence that this area must be addressed seriously in the coming years.

In terms of *mitigation measures* all affected National, Provincial, and Local Governments are expected to make commitments to address audit concerns, although there are some concerns that at local government level these issues are not being properly addressed. Measures to mitigate possible effects on EU support are currently being undertaken through an existing project in the area of public financial management, which if successful might be extended. Other aspects will be addressed during programme preparation and will include building on existing dialogues, notably on public financial management, ensuring that the right partners for any future programme are identified as well as carefully considering major design issues such as modalities and disbursement criteria (the issue of modalities is of particular importance when looking at provincial and local government).

4. Measures in favour of Civil Society and other relevant areas

Measures in favour of civil society would: (i) support the three sectors mentioned above; (ii) address issues of democracy, human rights, and other elements of good governance (especially gender related issues). Actions in favour of Civil Society Organisations (CSOs) are planned in line with the Agenda for Change and the recent Communication and Council conclusions on collaboration with CSOs²⁶.

The support to civil society in the three sectors will promote synergies and constructive relations with the national and local authorities (provinces and municipalities) to address poverty, inequality, and inclusive and sustainable development. Specific areas will be addressed in the three sectors, such as sector-specific accountability and governance issues, enhancement of service delivery and social partnerships, advocacy and policy dialogue. Where applicable, initiatives from civil society to enhance skills and create job opportunities will be supported and then shared with SA authorities at national and local levels for possible replication and expansion. In this way sector-specific support will be complementary to other operations within a "package" of support.

This sector-specific support to civil society will enhance, benefit from, and build upon other actions linked to other priorities as part of the country-based thematic programme on "Civil

²⁶ *The Roots of Democracy and Sustainable Development: Europe's engagement with Civil Society in External Relations*, COM(2012)492 Final, 12th September 2012; and *Council Conclusions on The Roots of Democracy and Sustainable Development: Europe's engagement with Civil Society in External Relations*, 15 October 2012.

Society Organisations and Local Authorities" (CSO/LA). The component of support to civil society under the CSO/LA programme will concentrate on two main streams of actions. The first stream will be on actions linked to *enhancing the role of CSOs in governance and accountability*. This will enable support to CSOs to build internal capacity; enhance their capacity on dialogue with, and oversight and accountability of authorities; and support to strengthen umbrella organisations/groupings and networks. The second stream will be on CSOs' actions on *youth and women empowerment* in enhancing social development and promoting inclusive and sustainable growth. Priority will be given to CSOs actions that aim at (i) improving youth and women' access to and benefit from social services, (ii) building synergies and complementarity with authorities in the social services delivery and (iii) enhancing the economic, social and cultural empowerment of youth and women.

The support to civil society on issues such as democracy, human rights, and other elements of good governance will be complementary to actions foreseen under European Instrument for Democracy and Human Rights (EIDHR) country-based scheme which will address more actively issues of gender equality and women empowerment, women rights, children rights, rights of Lesbian, Gay, Bisexual, Transgender/Transsexual and Intersexual (LGBTI), disability, and the fight against violence, including gender-based violence. It will enhance citizens' engagement in policy design, implementation, monitoring and evaluation, but also promote interactions with oversight bodies such as the national and provincial legislative bodies and most relevant (Constitution) Chapter 9 institutions such as the Human Rights Commission, and the Commission on Gender Equality.

Among the additional areas relevant for development cooperation and having a strong direct or indirect link to the selected focal areas, regional and continental cooperation will undoubtedly continue to play an important role with emphasis on opportunities for South Africa to contribute to achieving the MDGs and to promote prosperity through socio-economic and sustainable development, human rights, peace, security and stability (including humanitarian assistance) at sub-regional and continental level. The finalisation of the Economic Partnership Agreement (EPA) negotiations of the SADC EPA Group may provide further opportunities to build a trade partnership for increased competitiveness, economic growth and development. Its impact on regional integration in Africa will need to be evaluated further in light of the content of the different EPAs being concluded between the EU and the different regions in Africa.

5. Support Measures

A support facility shall be put in place, if necessary, to accompany the programming, preparation, implementation, monitoring, and evaluation and audit of previous, on-going, and planned actions, where funds are not available within on-going projects or the sectoral allocations mentioned above. The support facility shall ensure that cross-cutting issues including gender and women's empowerment, environment and climate change, HIV and AIDS, and other issues (including disability and good governance) are fully addressed in all these processes. In addition it is planned that these funds may also be used for ad-hoc actions that are consistent with the overall objectives of South Africa-EU collaboration, such as the promotion of dialogue, if deemed appropriate.

Done at

Fait à Bruxelles, le 22 janvier 2015
Date

For the Republic of South Africa

For the Commission

Name **NHLANHLA NENE**

Name **Neven MIMICA**

Signature



Signature

