

**COOPERATION  
BETWEEN  
THE EUROPEAN UNION  
AND SOUTH AFRICA**

**The Cooperation Council**

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**NOTE**

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Development cooperation between the European Union and South Africa continues to be marked by the objective of ensuring that it brings value added through innovation, pilot programmes, capacity development, and the sharing of skills and knowledge. These objectives were implemented in 2013 and the first part of 2014 through programmes focusing on employment; capacity development for service delivery and social cohesion; governance; regional and pan-African cooperation; as well as support to the implementation of the Trade, Development and Cooperation Agreement. The year 2013 marked the end of the 2007-13 programming cycle with the indicative allocation of €980m fully committed.

During 2013 the Infrastructure Investment Programme for South Africa (IIPSA) for €100m was approved, with the Financing Agreement signed by the South Africa government in October 2013, and the implementing Delegation Agreement with the Development Bank of South Africa signed in December 2013. In addition the Socio-Economic Justice for All (SEJA) programme for €25m was finalised with the Financing Agreement concluded on 14 May 2014. A fifth programme of Erasmus Mundus Scholarships for €4.6m was also approved during 2013. Good progress has been made with the implementation of the European Investment Bank's mandate and in line with the South African Government priorities, most noticeably through the full commitment of available resources of €36m before the end of the 2007-13 mandate.

The programming exercise continued in 2013, despite uncertainty about the future envelope of support for 2014-20. Following discussions, notably during the Summit in July 2013, it was agreed to focus the Multi-Annual Indicative Programme (MIP) on three sectors, namely employment creation; education, training, and innovation; and building a capable and developmental state. In support of this programme and in view of phasing out of development aid, the EU formally committed €241m for the period 2014-20 under the Development Cooperation Instrument (DCI).

## 1. Objectives of Development Cooperation to South Africa

The objectives of South Africa-European Union development cooperation remain, as in the past, firmly anchored in the view that its real value added comes from innovation, pilot programmes, capacity development, the sharing of skills and knowledge, and risk taking. This approach, which has come to be called the **value added approach** lays emphasis not on the "heavy lifting" that might be expected of Official Development Assistance (ODA) in other countries, but rather on a more targeted and focused approach which gives space to Government to identify value added activities/initiatives, providing technical assistance in areas where this form of assistance is most valued, and complementing these activities with support to civil society organisations. Recent successes in this approach are mentioned in section 4 below.

## 2. Annual Action Programmes: 2013 and 2014

The Annual Action Plan (AAP) for 2013 included the commitment of DCI funds for four programmes: (i) The *Infrastructure Investment Programme for South Africa* (€100m) was approved in February 2013 and the Financing Agreement signed by the South African Government on 16 October 2013, and subsequently the Delegation Agreement with the Development Bank of South Africa was signed 19<sup>th</sup> December 2013; (ii) The *Socio-Economic Justice for All* (SEJA) Programme (€25m) was approved by the European Commission on 4 December 2013 and the financing agreement signed by the South African Government on 14 May 2014; (iii) *Erasmus Mundus Partnerships 2013* (€4.6m); during 2013 AAP an additional allocation of €2.4m from ICI+ was committed towards the Erasmus Mundus people-to-people links to facilitate mobility from European to South African Higher Education Institutions. (iv) An additional contribution from the 2013 budget was allocated towards the *TDCA Dialogue Facility* as agreed in 2012.

During 2013 and 2014 one programme was prepared for approval as part of the AAP 2014. The €26m *Teaching and Learning Development Sector Reform programme* is in line with Sector 2, namely Education, Training and Innovation of the 2014-2020 Multi-Annual Indicative Programme (MIP). The programme aims to improve teaching and the development of a teacher education system that is able to deliver quality professional development programmes and opportunities for early childhood development (birth to 4 years) educators, primary school teachers, special needs teachers, technical and vocational education and training lecturers, community education and training lecturers, and the professional development of university academics. Moreover, on-going discussions are underway for programming in other areas as identified in the MIP 2014-2020.

### **3. Financial implementation of the Multi-Annual Indicative Programme 2007-2013**

On Development Cooperation Instrument, of the €981m available for 2007-13, the full amount was committed by the end of 2013.

In terms of management mode for the MIP 2007-13, 74.1% of the overall budget committed is provided in the form of budget support. In addition, 6.1% of the commitments are implemented through direct centralised projects, while a further 11.8% is implemented through the indirect centralised mode (Delegation or Contribution Agreements), 2.3% through indirect centralised modes (projects with Executive Agencies) and 5.7% through indirect decentralised management mode (programme estimates).

On ICI+ of the €5.4m available for 2012-13, the full amount was committed by the end of 2013.

For the 2007-2013 commitment period of the two instruments mentioned above an amount of €436m remained to be disbursed at the beginning of 2014. For 2014 it was originally forecasted that this amount would be reduced by about €130m, however it is likely that only an actual reduction of around €34.5m will be achieved.

### **4. Results of implementation of the Multi-Annual Indicative Programme 2007-2013**

Although it is difficult to report on results and impact on an annual basis, some examples of results that are emerging across the different areas of cooperation are mentioned below:

- ***Employment Creation:*** the *Local Economic Development Programmes* in Eastern Cape and in Kwa-Zulu Natal are now being replicated by the Provincial Governments which have now included allocations within their own budget to carry out similar activities. The *Employment Creation Programme*, has supported the nation-wide Community Works Programme which has been replicated and scaled-up to help 90,000 people in 2010-11 and more than 170,000 in 2012-13; assistance with the Expanded Public Works Programme created more than 941,000 job opportunities in 2012-13 and is expected to create more than 1.5 million job opportunities by end of 2014. Similarly the pilots in the *Innovation for Poverty Alleviation* programme have created over 600 jobs and 48 small businesses, ranging from demonstration agronomy to wireless mesh network. In addition, around 200 rural facilities reaching 20,000 school children have been connected to the internet through the Wireless Mesh Network. Plans are underway to replicate and draw lessons from these pilots
- ***Capacity Development for service delivery and social cohesion:*** The *Primary Education Sector Policy Support Programme* has helped increase the number of both public universities training teachers for the early grades (from 13 to 21), and students enrolled in such programmes (from 5,200 to 12,468). All in an environment in which early childhood participation up from 60% (2009) to 75% (2012). It has also helped develop revised curriculum and assessment policy statements, workbooks for learners (24 million for use in 2013), and a national catalogue of approved textbooks. The *Primary Health Care Policy Support Programme* has supported in piloting of the National Health Insurance, notably piloting new contracting procedures for 600 private sector General Practitioners to work in public facilities; strengthened health systems (including the audit of all 4,210 primary health care facilities); the placement of interns in all 9 provincial departments of health to strengthen Public Finance Management, Human Resources management and IT. The *Youth Empowerment Programme* through its use of football to address youth related challenges has trained 162 instructors, over 1,500 youth coaches, and an estimated 60,000 South Africans in a programme now being replicated by Provinces and football associations.

- ***Governance:*** The Access to Justice and Promotion of Constitutional Rights has supported 45 new Community Advice Offices established in marginalised rural/townships areas; and around 70,500 refugees, asylum seekers and undocumented migrants benefited from community support services. The ground is being prepared to replicate these activities with government resources. The *Legislative Sector Policy Support Programme* (LSPSP) has provided support notably in putting in place a model of oversight, the training of parliamentarians, bring parliament closer to people.
- ***Regional and Pan-African Support:*** This area has been supported through the ACP Science and Technology Programme; the Nyerere scholarship programme, and the LSPSP regional component. Notable successes are in the LSPSP where the "oversight model" has been shared with other countries in the region, as has work through the Association of Public Accounts Committees.
- ***Trade Development and Cooperation Agreement Facilities:*** the TDCA Dialogue Facility has been particularly important in fostering exchange of information between South Africa and the European Union across a wide range of areas. To date around 30 different projects have been supported in 11 areas of dialogue as diverse as customs and tax, space cooperation, ICT, education and health, or the Kimberly process.

In addition it is worth recording the outcomes of some recent evaluations:

- ***Evaluation of budget support in South Africa.*** With a view to assess the extent to which Budget Support contributed to achieve sustainable results in the relevant sectors over the period 2000-2011, an independent evaluation of EU Budget Support operations in South Africa was completed during November 2013. The key message emerging from this evaluation is that EU budget support to SA represents a positive experience that should be continued and further integrated into the SA-EU Strategic Partnership. Budget Support has been adapted to the context, ensuring both government ownership and strategic relevance of EU support towards policy innovation, often with the participation of Civil Society Organisations with a focus on fighting poverty and inequality and supporting democracy.

- ***The 2013 Results Oriented Monitoring.*** In 2013 this annual exercise examined thirteen projects. It was noticeable that a number of organisations that were examined as part of the ROM exercise particularly welcomed the input from the monitoring team. Of all the projects examined, all but two received a ranking of "B" or above for impact.

## **5. Dialogues and consultations**

On the SA-EU Annual Consultations process consisted of a "Joint Annual Consultation Meeting" (17 June 2014). Annual Consultations Cluster Workshop is expected to take place later in 2015.

Dialogues taking place under the different programmes of support are on the whole performing satisfactorily, whether through SA-EU exchanges or within donor coordination groups. Of particular note are the dialogues under the education programme, health programme, employment, justice, science and technology, and public financial management.

In addition to programme-related dialogues, with the support of the Dialogue Facility, there are a number of other areas where discussion has taken place over 2013 and 2014. Of particular note are the dialogues around "Rules of Origin/Valuation" and "Increasing Domestic Resources"; Digital migration and the Broadband Rollout Dialogue; Mining Towns; the Collaborative National e-Skills Actions Plan; and Space, noticeably on the EGNOS Satellite System (DST and DG ENTR). In the area of external relations support was given in 2013 to the Kimberley Process.

## **6. The European Investment Bank (EIB)**

The EIB's lending mandate for South Africa supports both public and private sector operations, with a focus on infrastructure projects of public interest (including municipal infrastructure, power and water supply), private sector support (including small and medium enterprises) and support for climate action investments.

The total €936m lending mandate for South Africa for the period 2007-2013 has been fully committed before the expiry of the mandate at 30 June 2014. During 2013 the following loans were approved; €150m for a second Affordable and Social Housing facility, and of €110m for the Ka Xu CSP project, a greenfield concentrated solar power project located in the Northern Cape Province, and the further approval of €75m for the Eskom Kiwano concentrated solar power project in May 2014. In addition, €150m were committed under the region-wide Climate Change Mandate.

Under the new lending mandate for the period 2014-2020 an amount of €116m has been approved for South Africa and accessible as from 1 July 2014. Over this period the Bank will continue to

support job creation and the improvement of living conditions by providing long-term funding for key private and public sector projects, in line with South African Government priorities.

Investments in social and economic infrastructure, including water and sanitation, transport and energy are expected to remain at the core of EIB's activities in the country. The EIB will also continue to examine funding possibilities in the education, healthcare and research and development sectors, as well as its cooperation with the banking sector to support improved access to finance for SMEs.

## **7. Planning for the period 2014-2020: Programming process**

Programming for the period 2014-2020 started in 2012, and continued throughout 2013 and 2014. A joint process has been followed between the EU Delegation and the National Treasury covering an analysis of National Development Plans (September 2012); the development of a discussion note on possible sectors of European Union cooperation with South Africa (January 2013) which identified the three priority areas in the National Development Plan, namely employment creation; education, training, and innovation; and building a capable and developmental state, as the areas for future collaboration. Consultative sessions with departments and civil society have also been held, leading to the preparation of a "Three Page Document" (June 2013) covering possible areas of collaboration, objectives, and results. Following discussions with the South African Government at the time of the 2013 SA-EU Summit, the European Commissioner approved the "Three Page document", meaning that, in spite of the uncertainty surrounding a future financial allocation to South Africa, a Multi-Annual Indicative Programme be produced by end-November 2013.

The EU Delegation and National Treasury have conducted a number of consultative sessions to provide input to the thinking on future development cooperation in South Africa. These included discussions in the Ministerial Dialogue (10 June 2013), Summit preparatory meetings (15-16 July 2013); the Summit and its side-meetings (18 July 2013), a workshop of key involved Government Departments (29 October 2013), a high-level discussion in Brussels (4-5 November 2013); and bilateral discussions between (the then) Commissioner for Development A Piebalgs and (the then) Deputy Minister of Finance, Nhlanhla Nene (3 December 2013), and a workshop hosted by the National Treasury (6 March 2014). Consultative sessions were also held with EU Member States and Civil Society Organisations by the EU Delegation.

Following the meeting between the then Commissioner for Development A. Piebalgs and the then Deputy Minister of Finance Nhlanhla Nene, the Commissioner wrote formally (14<sup>th</sup> April 2014) on the allocation of €241m under the DCI 2014-2020 to cover the three jointly approved focal sectors.

