

Union Delegation, European Union (EU) Member States and the Government of South Africa, and enabling CS to play a greater role in policy development and dialogue focusing on EU-South Africa priorities.

The Technical Assistance (TA) facility will allow a flexible response to the needs and demands of CS and assist with the operationalisation of the EU commitments to promote an enabling environment, foster policy inclusion/dialogue, participation and develop CSOs' capacity across all its dimensions. The Facility will provide technical skills training and capacity development activities for CS, including activities related to governance, gender mainstreaming and applying the HRBA, fundraising, networking, advocacy and Information and Communications Technology (ICT), and will help operationalise policy dialogues between CSOs, the EU, Member States and the Government of South Africa. Specific emphasis will be put on developing women and youth organisations' capacities and on ensuring that the diversity of CSOs is represented, especially those representing individuals living in vulnerable situations, in the policy dialogues processes undertaken by the EU.

The grants component will enable the EU to support the implementation of catalytic and innovative activities undertaken by CSOs within the MIP priorities, such as (un-)employment, in particular youth and women employability and entrepreneurship skills, climate change awareness and response capacity, management of biodiversity assets, citizen participation in planning and monitoring of service provision, gender equality and human rights, and digital innovation and transformation. While some thematic areas have already been identified, the allocation will also enable the EU Delegation to pilot activities and respond to other needs in the coming years.

2. RATIONALE

2.1. Context

The EU enjoys good political relations with South Africa, the only African country that has a 'strategic partnership' with the EU. South Africa is the economic powerhouse of the Southern Africa region and plays an important role at regional and continental levels (member of G20; Brazil, Russia, India, China, and South Africa (BRICS)). In June 2016, the EU and South Africa signed the Southern African Economic Partnership Agreement (SADC EPA), the implementation of which foresees a role for Civil Society, and the EU remains South Africa's largest trade and investment partner, accounting for 22% of total trade in 2020. South Africa is a key ally for EU strategic political, economic and security interests in Africa and on global issues.

South Africa is known for its largely peaceful transition to democracy in 1994, but faces complex political, economic and social challenges, further aggravated by the impact of the Covid-19 pandemic. Despite President Ramaphosa's rhetoric on reforms and strong commitment towards fighting corruption, implementation is slow. South Africa has experienced a protracted economic downturn, depicted by structurally weak growth, bailouts for large loss-making state-owned enterprises, rising fiscal deficits and debt. This, along with corruption and mismanagement, hampers South Africa's ability to reduce high unemployment, and address poverty and inequality. South Africa local government elections are scheduled for October 2021 and general elections in 2024, however local elections may be postponed to early 2022 due to the Covid-19 pandemic.

South Africa's Covid-19 response package (ca. 10% of gross domestic product (GDP)) stands out in the region, but has caused further deterioration of its macro-fiscal position. GDP declined by – 7.2% in 2020 (the largest contraction in nearly 90 years) with an estimated pick-up at 3.1% in 2021. The budget deficit is expected to widen to more than 12% of GDP in 2020/2021 and the Government of South Africa predicts that public debt will peak at 89% by 2025/26. Already high pre-pandemic unemployment reached 32.6% (the expanded unemployment rate stands at 42.3% and 74, 7% for 15 to 24 years old). The Covid-19 pandemic has exacerbated South Africa's triple challenge of poverty, (one of the highest, persistent inequality rates in the world), and unemployment, especially of youth (the expanded unemployment rate among youth stands at 74.7 per cent) and women. The 2021 unrest in Gauteng and KwaZulu-Natal provinces, which can in part be linked to the high youth unemployment, has further exacerbated a rather dire economic situation, with an estimated impact of billions in damages and loss to the economy, also impacting negatively on investor confidence and jobs.

Growth projections are far from rates expected in other emerging economies. Despite cautious signs of recovery, South Africa growth remains constrained by its fiscal position, the lingering impact of the health crisis, slow rollout of Covid vaccines, and unstable electricity production. Impetus has recently been seen towards long-awaited reforms