

Country:

**South Africa**

Project name:

***Sustainable recovery  
and just transition***

Partners:

Presidency of the Republic  
of South Africa; Steve Tshwete  
Local Municipality

Duration:

**2020-2025**



## The EU-AFD Research Facility on Inequalities

The Agence Française de Développement (AFD) and the European Union (EU) have made the fight against inequality one of their respective priorities. It is in this context that they began their collaboration to reduce inequalities, with the implementation of the first phase of the EU-AFD Research Facility on Inequalities in 2017,

and its Extension since 2020. The programme aims to contribute to the implementation of the 2030 Development Agenda, in particular the fight against inequality (Sustainable Development Goal 10).

In order to better understand socioeconomic inequalities, their determinants, effects and dynamics,

22 research projects were carried out in 32 countries between 2017 and 2020. More than 100 research papers and policy briefs were published during the first phase of the Facility, which have enriched the academic debate as well as initiated national exchanges on the theme of inequality in the countries concerned.

## Phase 2: the Extension

Following the success of the Facility's first phase, the AFD and the European Union have decided to continue the programme with a second phase: the Extension. This new phase, financed with €3 million by DG INTPA over the period 2020-2025, will focus on four middle-income countries: Colombia, Indonesia, Mexico and South Africa.

In the short and medium-term, this programme will enable partner countries to better understand the factors leading to inequality



and to identify possible solutions that could be implemented to better respond to the challenge of reducing inequalities through effective public policies. The policies supported under the Extension will be the result of close dialogue

with the governments and will be based on research conducted with local research centres, building on the results achieved so far by the Facility, both in terms of methodologies developed and synergies established.

## Context

Despite democratic governance, well-established judicial, financial and human rights institutions, South Africa remains highly unequal in its distribution of wealth, living standards, employment opportunities and household incomes, with a Gini coefficient of 0.65 (in 2015). Research conducted under the first phase of the Facility identified that labour market income is overwhelmingly the largest contributor to

income inequality. Yet, the labour experiences of different population groups in South Africa continue to diverge substantially and still reflect the persistent legacies of apartheid policies. The Covid-19 pandemic has further exacerbated inequality as well as the unemployment crisis, which was already severe in South Africa. In April 2020, South African President Cyril Ramaphosa announced emergency

social protection and employment measures to mitigate the impact of the crisis in accordance with the current National Development Plan and the Economic Reconstruction and Recovery Plan. At the same time, South Africa faces the challenges of exiting coal, preserving its biodiversity and managing its agricultural value chain, which is heavily impacted by climate change.

## Extension initiatives

With the objective of ensuring a higher degree of inclusiveness in public policies, the Extension's programme is built on two pillars, which directly feed into the South African Economic Reconstruction and Recovery Plan.

One is to develop an online tool that will provide detailed information on the local labour market and skills to

support municipalities in developing their economic diversification strategies. The tool, a "Community Explorer", will be crucial to inform development efforts implemented at the community level, allowing researchers, policymakers and civil society members to build a stronger understanding of well-being in communities in South Africa. Based on the Youth Explorer, this tool will be initially tested in the Steve Tshwete Local Municipality and will provide a strong foundation for the implementation of South Africa's District Development Model.

In parallel, the AFD and the Presidency of South Africa are developing a research programme aimed at measuring the externalities of stimulus on the South African economy. This collaboration is rooted in the need to advance the evidence base and understand the impact of income transfer programmes in the South African context, focusing on social grants and public employment programmes. Part of this research project will examine the effects of youth-oriented stimulus such as the school-assistants programme.



Unemployment  
rate of almost

**35%**

in 2021

**2,239**

people die per year  
from illnesses caused  
by pollution

## 2 PILLARS

**Online  
tool** supporting  
municipalities  
in economic  
diversification

**Research  
programme**  
measuring  
stimulus effects  
on the economy

→ **2 complementary objectives**  
to build more effective public policies  
to reduce inequalities



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