Skills and Jobs for Youth in South Africa

Danish support period: 2026 to 2030

Implementing partner: Techcollege (main partner), with the National Business Initiative and Confederation of Danish Industry as sub-partners.

Total budget: DKK 50 million
P360 number: 25/48795
Country: South Africa
Responsible unit: Ministry of Foreign Affairs of Denmark (KLIMA)
Sector: Employment and vocational skills development
Finance Act code: §06.38.02.12

Draft project document

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Table of contents

1 Introduction

The present project document outlines the background, rationale and justification, objectives and management arrangements for development cooperation concerning the Skills and Jobs for Youth in South Africa project, as agreed between the parties: Techcollege and the Department for Green Diplomacy and Climate (KLIMA), the Ministry of Foreign Affairs of Denmark. The project document is an annex to the legal agreement with the implementing partner and constitutes an integral part hereof together with the documentation specified below.

The Ministry of Foreign Affairs of Denmark, through the Department for Green Diplomacy and Climate (KLIMA), in collaboration with the Embassy of Denmark in South Africa, will provide an earmarked grant of DKK 50 million over 2026 to 2030 to the Skills and Jobs for Youth in South Africa project. The grant is made to Techcollege as the main implementing partner and grant holder, with the National Business Initiative (NBI) and Confederation of Danish Industry engaged as sub-partners.

The project addresses a core problem: South Africa's skills system does not connect disadvantaged young people to the jobs that exist or are emerging. The project links the verified skills demand of companies operating in South Africa, with priority to those with a Danish connection, to accredited vocational training and learnership and job opportunities. The target group is young South Africans whose social, geographic or economic background otherwise limits their access to quality training and to decent work.

To achieve this, the project draws on the presence and engagement of Danish companies in South Africa as well as experience from a Danish vocational training institution already operating in South Africa. A recent collaboration between the Embassy of Denmark in South Africa and CIP/Mulilo has provided inspiration and important lessons for the project, which builds on these efforts.

In the project, Danish companies will provide high-quality input on the demand for skills as well as documented intent for learnerships and hiring. Techcollege, as main partner, translates company needs into new and revised vocational training, and leads the capacity building of South African institutions. NBI, as sub partner, ensures employer engagement, secures employment pathways for trainees and channels the partnerships' curricula and lessons into the national skills structures.

The project is anchored in the Danish strategy for development cooperation and its focus on jobs, poverty and inequality, as well as Denmark's Africa engagement, and seeks to advance green transition.

A core ambition is to integrate development cooperation and economic development, a cornerstone in the recent Danish strategy for development cooperation (see box). The aim is to leverage Danish commercial engagement to achieve synergies and mutual benefits.

There is limited experience and evidence from South Africa on how to involve Danish businesses in development cooperation in ways that deliver real benefits for the companies and their South African counterparts, as well as strengthens the creation of development effects. For that reason, the project is a pilot. A strong learning component will ensure that the modality and setup is continuously assessed and adjusted.

> *"The engagement of Danish businesses in partner countries is mutually beneficial and contributes to sustainable economic growth and job creation – in Denmark and abroad"*
>
> A Changing World – Partnerships in Development

2 Project objective and key features

The overall objective of the project is to create decent and inclusive jobs and employment through industry-driven skills development and workforce partnerships in South Africa.

As a pilot, the project also pursues a learning aim: to investigate and test how Danish businesses can contribute effectively to sustainable employment and job creation in South Africa. Danish businesses often contribute positively to the societies where they operate, and many are ready and willing to expand this contribution. Danish development cooperation has the same ambition: Social and economic welfare in developing countries. Yet, potential synergies and opportunities to work together are often not exploited. From the preparations for this project, there is evidence that development actors could do more to explain the purpose, way of working and practical procedures of development cooperation. To businesses, which may be able to contribute, this may seem bureaucratic and complex. Businesses, on their part, could be clearer on their strategies, targets and ambitions, in particular when it comes to contributing to sustainable development, including job creation.

In addition to the development goal of creating opportunities and jobs for disadvantaged youth, the project aims to further a joint understanding on both sides in order to create real collaboration.

To do this, the project will establish demand-led partnerships between companies, South African and Danish vocational training institutions and labour-market institutions. These partnerships help the development of new accredited vocational training that responds to actual, verified skills gaps. The project will deliver training and work-based learning to disadvantaged young people and will support their transition into jobs or paid learnerships backed by company enagements.

The intervention logic has four outcomes:

- Industry-led skills partnerships established and operating.
- South African vocational training institutions deliver new, accredited, employer-validated training.
- Disadvantaged young South Africans complete training and move into decent employment.
- Learning documented and used to improve delivery and prepare scale-up.

The main results are expected to be:

- 500 young people will be trained, all of which youth, black and low income.
- 400 will be placed in paid internships or decent jobs, a transition rate of 80%.

Of the 400 in paid internships or jobs, 250 are based on the participating companies' intent to hire, whereas the remaining 150 are placed in a combination of matching with SMEs and self-employment support. The 250 in paid internships or jobs will be placed based on an initial intent from companies to hire 300 people.

The full structure can be found in section 6 and in Annex B.

2.1 Budget, target group, geography and period

The total Danish contribution is DKK 50 million with a planned start in December 2026, and activities running from early 2027 until medio 2030. Of this, an indicative DKK 3.2 million is for indirect and administration costs and DKK 1.5 million for reviews and studies, with the balance of DKK 45.3 million for direct project costs (section 7).

The direct target group is young, black South African women and men from low-income backgrounds. A specific focus is on those who's social background, place of residence or assessed alternative opportunities limit their access to quality vocational training and to the formal labour market (se section 3.1 for details on inclusion). Companies, South African vocational training institutions and labour-market institutions are the intermediary beneficiaries. To benefit from the project, and for the project to contribute to its objective of creating jobs within the time frame, a minimum level of competence and education is required. This will be taken into account during selection of participants.

Geographic coverage is national, but individual partnerships will focus on specific geographies, depending on the operating locations of participating companies and vocational training institutions.

2.2 Main project features

The project is implemented through a partnership between Techcollege, NBI, Embassy of Denmark in South Africa and the Confederation of Danish Industry. Responsibility of the grant, including financial and programming oversight, is with the MFA in Copenhagen, and the main implementing partner is Techcollege.

The core project activity is a series of industry partnerships. The purpose of the partnerships is to enable industry-relevant skills development leading to inclusive, decent jobs. An ongoing dialogue with a number of companies has been informing the project development, and a first partnership is expected to be within the realm of renewable energy, partnering with among others the Danish company Copenhagen Infrastructure Partners and its South African partner, Mulilo, while several others are in the pipeline, and include training of cooling technicians, a skill in high demand.

While partnerships are open to all companies, an expressed skills need is a prerequisite from a company with a Danish link, and partnership formation will often start from this need. Companies are expected to engage in the project by participating in co-design of the skills requirements, offer paid internships or jobs in the relevant areas and, in the case of an extended partnership, contribute to funding the project coordination activities through a contribution to the Embassy's unit for Public-Private Partnerships.

The skills need must be relevant not only to the company with a Danish link, but to a number of specific South African companies and thus to the South African economy more broadly. To ensure this, NBI, the Embassy and Techcollege will draw on their expertise and network to involve cross- and sub-sector businesses operating in South Africa.

This is the basis for an industry-led skills partnership between Techcollege, one or more companies and local vocational training institutions. The companies join the partnership because they need a better skills pipeline, and because they wish to contribute to long-term skills development. They contribute with skills identification, but often also with staff time, co-financing and workplace exposure through job opportunities, or documented intent for placement of learners in paid work-integrated learning (internships/learnerships). The project offers generalised training, so companies will not get a company-specific recruitment pipeline, nor credits relevant to their legal obligations, e.g. on Broad-based Black Economic Empowerment.

Activities in the partnerships can vary. In the CIP/Mulilo pilot, the main activities were design of the training in DK and South Africa, recruitment of students, actual training and matchmaking. During the process students received comprehensive support enabling them to transition into learnerships.

Future partnerships will start with a Partnership Request from one or more companies. Based on the lessons from the pilot project, as well as dialogue with a number of companies and other stakeholders, future partnerships are likely to include the following steps:

1. Initial skills gaps identification.
2. Labor market validation. Consultations with companies and stakeholders in the sub-sector to expand and validate the skills gaps analysis.
3. In-depth skills analysis. Design of a formal qualification description and/or curriculum, likely at NQF4-5 levels (likely by a SETA-approved consultant).
4. Training program design. Designing the actual program.
5. Program and provider accreditation. Training of instructors from vocational training colleges and equipping of colleges.
6. Training delivery.
7. Match-making and transition support for learnerships and, ultimately, jobs in collaboration with companies from step 3.
8. Employment pathway creation. To companies or SMEs.

The steps are illustrated in the Project Overview in Figure 1. The steps will be carried out by Techcollege and/or NBI. Division of roles and responsibilities is further described in Section 8.

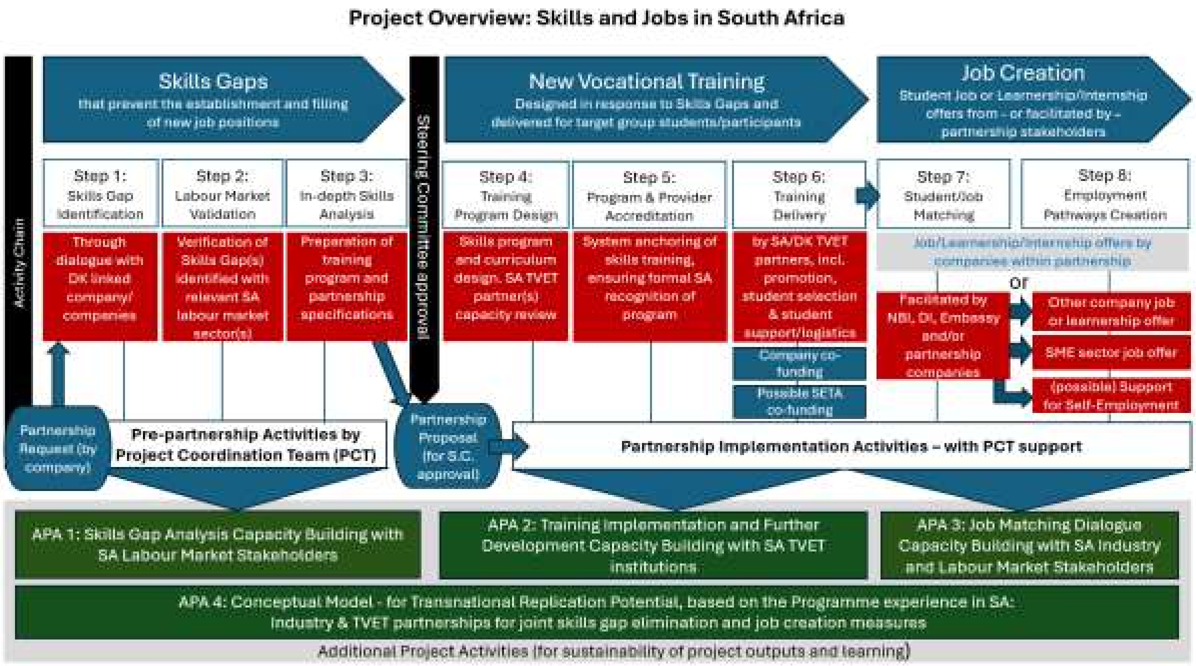

Figure 1. Project Overview

Additionality of the project's support is important. The reliance on broader private sector partnerships instead of single companies as well as accreditation of skills are key guardrails to ensure this.[1] In addition, partnerships will be screened to ensure the following:

- Contribution beyond business as usual. The activities must go beyond the participating companies' immediate, short-term, self-interested needs.
- Displacement and substitution of public funds. Project support should not replace existing public funding for vocational training.
- Generalisable skills. Training should enable graduates to qualify for employment across multiple firms

Further details on the partnerships, including additionality, is provided in Annex H.

3 Project context

South Africa is an upper-middle-income country, so the development rationale for Danish support rests on youth unemployment, poverty and inequality. More than half of South Africans aged 15 to 24 are unemployed, and a large further share are not in employment, education or training. Some figures are as high as 60%. For young black and coloured South Africans, particularly women and those in townships and rural areas, joblessness is a persistent condition that reproduces apartheid-era patterns of racial and spatial inequality.

These issues are further explored in the context analysis in Annex E, including reference to the large number of studies and reports on this issue. Two reports have particularly informed the project: The Employment and Labour Market Analysis by GiZ from 2024 and Growth Through Inclusion in South Africa by the Harvard Growth Lab from 2023. The GiZ report is based on national plans and compare the planned societal developments with the official skills analysis, e.g. the Occupations in High Demand-list from the Ministry of Higher Education. The Growth Through Inclusion-report, on the other hand, looks at binding constraints to growth more generally.

In general, these and other reports point to at least two interlinked dimensions relevant to the project. The economy does not generate enough jobs. At the same time, the system which should enable youth to get existing jobs fails the people who most need it.

The two reports agree to conclude that South Africa is likely to see growth in several renewable energy sectors. The labour market report projects that this is likely to lead to increased demand for large number of occupations, also many non-technical. The present project will not pre-select sectors but will use these analyses as background when assessing partnerships and designing skills development.

In general, the public vocational training system is weakly aligned with employer needs, and the credentials it issues are not trusted by employers. Matching employers with employees is not efficient, despite many attempts, and transitioning from unemployment or training to paid learnerships or jobs is difficult. Where jobs are emerging, including in renewable energy, logistics and shipping, water, life sciences, agriculture and the wider green transition, young people are poorly positioned to access them.[2] The issue is historical and geographical, and skills

[1] These elements will also support compliance with EU State Aid Rules.
[2] Several donors have been active in this field, and the project builds on their experience to a very large extent. A recent analysis is GIZ (2024) Employment and Labour Market Analysis (ELMA) in South Africa: Focus on Just Transition. GIZ (2024).

development works best when be combined with other types of support, e.g. for matching and transition.

Overall, the project works on the supply and matching side of the labour market. It does not claim to expand aggregate labour demand. Its entry point is the failure of the skills system to connect young people to the jobs that exist or are emerging, addressed through sectors where labour demand is growing.

With regard to the projects' ambition to investigate and test how Danish business can contribute effectively to sustainable employment in South Africa, the design is founded on one existing partnership experience: A vocational training pilot funded by Mulilo (through two Mulilo Trusts), a subsidiary of the Danish company Copenhagen Infrastructure Partners. The pilot is further described in section 3.2.

3.1 Inclusion: Poverty orientation, gender, and youth

The project's poverty outreach and effect depend on who is trained and supported. The target group is young South Africans whose social, geographic or economic background otherwise limits their access to quality training and to decent work.

Basic eligibility is defined in three ways:

- Black defined as per the Employment Equity Act 55 of 1998 as Africans, Coloureds and Indians.
- Youth defined in the National Youth Policy 2020-30 as 14 to 35 of age.
- Low-income, as defined by the National Student Financial Aid Scheme's rule of combined annual household income of R350,000 or less, or R600,000 where the student has a disability. If the threshold change, the project will update its eligibility threshold too.

These criteria will be applied uniformly across partnerships together with a programme-wide target of 35% women.

At the same time, the project will apply a stronger targeting of disadvantaged groups, to be defined within each partnership in line with the participating company's skills needs and geographical location. Different skills gaps and partnerships will have different specific target groups. The Mulilo vocational training pilot, for example, was geographically based and targeted very disadvantaged youth, due to the location of the company's activities. Other future partnerships may lead to different targeting, and the depth and ambition of social-inclusion measures will vary across partnerships. Exceptions to the inclusion criteria must be granted by the steering committee.

Achievement of the inclusion targets will happen through targeted outreach, stipends covering key barriers like transport and subsistence, flexible scheduling and gender-sensitive workplace placement.

A minimum-income or wage threshold for eligible job and learnership types will be considered so that trainees who complete training and enter work are protected against in-work poverty.

3.2 Building on the Mulilo vocational training pilot

The project builds directly on the CIP/Mulilo Danish Vocational Program. The pilot has run since 2025 through a partnership between Mulilo and the Mulilo Community Trusts, the Embassy of Denmark, and Danish vocational institutions, with Techcollege Aalborg delivering technical training and Dalum Landbrugsskole agricultural training. The pilot recruited from disadvantaged rural communities in the Northern Cape and ran two tracks aligned with sectors of growing labour demand: a technical track for the renewable-energy build-out and an agricultural track. Of the inaugural cohort of 30 trainees, all had moved into learnerships as per June, 2026.[3]

Thus, the pilot represents some valuable lessons learned as a base for this project's design, and its documented lessons are built into the partnership requirements:

- Employment, not training completion, is the ultimate measure of success, yet it takes time to materialise, and is difficult to guarantee. To maximise the chance of success, every stage, from selection to placement, is designed around the employment result, and a documented intent for hiring and learnerships are preconditions for partnership approval.
- Strong industry partnerships are essential. Training is kept aligned with employer needs through demand-led partnerships between companies, Danish providers and South African vocational training institutions. Involvement of companies from the outset and in all steps along the way is important. Reflected in Outcome 1.
- Workplace readiness extends beyond technical skills. Professionalism, communication, cultural awareness and workplace safety are part of the training, reflected in the workplace-readiness support under Output 3.2. This was a clear finding from scoping and formulation.
- Skills convert into employment only when anchored in accredited South African qualifications. The project therefore invests in QCTO and NQF accreditation and in capacity transfer to South African institutions (Outcomes 2 and 4).
- Continuous improvement matters. The pilot refined recruitment, support and employer engagement cohort by cohort; this project formalises that through its learning function (Outcome 4).

Operationally, a number of cost-benefit should be considered, and the pilot was too costly for development cooperation, and did only to a limited extend contribute to capacity building of local training institutions. Further, it did not set out with South African accreditation built into the model. Finally, it has not progressed to an extent where it is possible to measure sustainable job placement results.

Where the pilot relied on a single company and on delivery in Denmark, this project widens the model to multiple companies and sectors and shifts the centre of gravity towards accredited delivery and capacity within South Africa, reducing reliance on higher-cost overseas training, while remaining flexible to accommodate the industry requests and demands. This will improve scalability and reduce unit costs.

Rooting all partnership programmes in local and accredited training, scalability is achieved through reduced reliance on overseas training.

Still, any particular partnership and its educational program format may weigh and balance the benefits and impact advantages from international exposure with greater scalability through purely localized training.

[3] "The CIP/Mulilo Danish Vocational Program (DVP) – Pilot/First Cohort"

4 Rationale and justification of support

Danish support is justified on four grounds:

First, the project advances Danish development priorities. It delivers inclusive growth and decent jobs for youth and women in a partner country, working through and strengthening the private sector and the national skills system. It contributes to the green transition, while still maintaining a poverty and inequality focus.

Second, the project responds to South African priorities. It aligns with the National Skills Development Plan 2030, the Skills Development Act, the National Qualifications Framework, the Presidential Youth Employment Intervention and the just energy transition agenda. It engages South African institutions as partners with a route to ownership through links to businesses.

Third, the project creates tangible synergies between economic diplomacy and development cooperation. It does so by drawing on Danish strengths. South Africa is the largest destination for Danish investment on the African continent, and the Danish corporate footprint is exactly in the sectors where the context analysis identifies the greatest scope for inclusive job creation: The green transition. Danish vocational institutions bring institutional capacity in dual-format training which the National Skills Development Plan explicitly seeks to strengthen.

The project's support is confined to components that are genuinely additional, for example specialised training, equipment and facilities not available in South Africa in the short term, exposure to international workplace standards, and the design and capacity-building work that embeds the training in a South African institution for the long term. The companies bring a credible signal of skills gaps, starting in their own organisation, but this signal is broadened to, and validated by, the relevant sub-sector, and the project funds only accredited training, not company-specific courses. Companies fund the components closest to their own commercial benefit, and grant contributions do not count towards companies' Broad-Based Black Economic Empowerment obligations.

The intended catalytic effect is to mobilise company knowledge, capacity and co-financing of training and employment and, over time, to attract further companies into the model. Before entering into a partnership, companies must confirm that they intend to participate in co-design of the skills requirements and are ready to offer paid internships or jobs in the relevant areas. And, in the case of an extended partnership, contribute to funding the project coordination activities through a contribution to the Embassy's unit for public-private cooperation.

Fourth, the project is complementary and coordinated. It operates alongside the Danish portfolio in South Africa under the Green Strategic Partnership, in particular the South Africa-Denmark Energy Partnership Programme and the Water Reform Programme Support, and alongside Danida Green Business Partnerships and its successor, through which promising partnerships may scale. It is complementary to, and will coordinate with, the major donor in vocational training, GIZ, at system level, and positions the Danish contribution as a concrete bilateral deliverable under the Just Energy Transition Partnership. Coordination is managed through the Embassy in South Africa.

The project's starting point has been the CIP/Mulilo project already implemented, while transforming it from an economic diplomacy assignment of the trade department at the Danish Embassy in South Africa into a new project focused on synergies between development cooperation and economic diplomacy.

4.1 Rio marker scores

Climate change mitigation is scored 1 (significant). A defined part of the project develops and delivers skills for the renewable-energy build-out and green infrastructure, contributing to the workforce needed for South Africa's just energy transition. In practice, a number of the partnerships will be in sectors that are central to the green transition, using the definitions and frameworks from the Just Energy Transition Partnership to delimit what qualifies. Following this, partnerships should for example support a process contributing to an increased share of renewable energy in the energy mix, leading to cuts in greenhouse gas emissions. [4]The objective of the project as a whole is decent and inclusive job creation, so mitigation is a significant rather than a principal objective.

Climate change adaptation, biodiversity and desertification are scored 0. The environment policy marker is scored 0.

4.2 Choice of partners

The project is implemented through a direct-award earmarked grant of DKK 50 million to Techcollege as main partner and grant holder, with NBI and the Confederation of Danish Industry (DI) as sub-partners. NBI and DI have been collaborating through the SPA2 partnership, giving DI a valuable role with extensive experience from development contexts, including in South Africa and how to link Danish company needs into the local context and value chains that NBI knows in-depth.

Techcollege is selected by direct award on the basis of its position as the only Danish VET institution with operational experience of training South African youth in partnership with a Danish company. Under the Mulilo Danish Vocational Program, the first cohort was a total of 30 students, of which the technical track consisted of one initial cohort of 17, who completed training including at Techcollege in February 2026. A second technical tract cohort of 12 is in training, delivered through an EVA-approved model in collaboration with the Embassy.

Formally, the selection is justified with reference to the "Guidelines for selecting grant recipients" from 2025, section 3.2, in particular Techcollege's proven capacity to manage Danish public funding (the compliance criteria) and its experience from collaborating with a Danish company in South Africa (the capabilities and geographical/thematic criteria) on exactly the topic in question.

The partner assessment rates Techcollege satisfactory and financial management meets the minimum requirements. The main weaknesses identified are Techcollege's limited presence in South Africa and lack of experience in results-based project management following DK MFA development cooperation standards. On the former, Techcollege will post one staff for at least two years in South Africa to ensure implementation. Implementation is also based on a strong partnership with NBI. On the latter, Techcollege's experience working with grants from the EU, as well as the partnerships with NBI and DI, will ensure implementation due to the strong experience of the two organisations in delivering joint programmes in South Africa.

NBI is engaged as sub-partner for employer mobilisation, employment pathways and national anchoring, drawing on its Just Energy Transition Skilling for Employment Programme and its reach into the South African business community. NBI has a long-standing partnership with DI and a track record with GIZ and FCDO on skills and just-transition programming.

Confederation of Danish Industry (DI) brings strong experience in implementing vocational training programmes, primarily from the employer-side. In a number of programmes, DI has

[4] https://justenergytransition.co.za/monitoring-evaluation-and-learning#theory Accessed August 2026

partnered with business member organisations to design vocational programmes, including in South Africa and Tanzania. This will enable them to completement and support Techcollege in the area of partner-based implementation. Specifically, DI will also lead skills development as part of a social dialogue, will train businesses on readiness for receiving interns and will mobilise Danish businesses in Denmark.

To ensure complementarity with other projects funded by the Danish Ministry of Foreign Affairs, agreements between Techcollege and DI will be approved by the Ministry prior to signature.

Fiduciary capacity is assessed in Annex A: main findings summarised in Annex A.1, the full assessment in Annex A.2.

5 Theory of Change and key assumptions

In addition to structurally low job growth, a binding constraint to job creation in South Afrida is the failure of the labour market institutions, including the skills development system, to respond to company needs and to connect disadvantaged young people to jobs that exist or are emerging. The drivers of change in the project are verified employer demand, accredited and employer-validated training, work-place based learning, and documented employment and paid learnership intents.

The change pathway runs as follows (illustrated in Figure 2):

If companies provide credible signals of scarce skills in growth sectors and co-design accredited training with Danish and South African providers (Outcome 1), and **if** South African and/or Danish vocational training institutions gain or have the capacity to deliver that training and have it accredited within the National Qualifications Framework (Outcome 2), **then** disadvantaged young people can complete training that employers trust and move into jobs or paid learnerships backed by documented learnership intents (Outcome 3). Documenting what works and connecting it to national structures (Outcome 4) allows the model to be improved, anchored and scaled.

This will then lead to increased decent and inclusive jobs and employment.

The four outcomes are interdependent: the partnerships generate the demand and the curricula, the institutions deliver and retain the capacity, the trainees realise the employment result, and the learning function secures national uptake and the case for scale-up.

The pathway rests on the following key assumptions:

- The designed training programmes become recognised within the South African National Qualification Framework, also for partnerships where training is delivered partly in Denmark, so that it converts into employment rather than remaining a stand-alone Danish credential.
- Labour demand in the target sectors continues to grow broadly as projected.
- The Quality Council for Trades and Occupations and the Sector Education and Training Authorities have the capacity and the incentive to accredit and take up partnership curricula within the project period.
- Companies will honour their stated intents to hire for jobs or internships, they will engage and co-finance activities. A flexible approach to company involvement will ensure this, with clear win-wins for companies.

- National structures, in particular the Presidential Youth Employment Intervention, connect to the partnerships rather than running parallel to them.

Sustainability is secured because they rest on curricula that remain accredited and taught in South African institutions, on the capacity transferred to those institutions, and on compatibility with the levy-grant financing system as the long-term route.

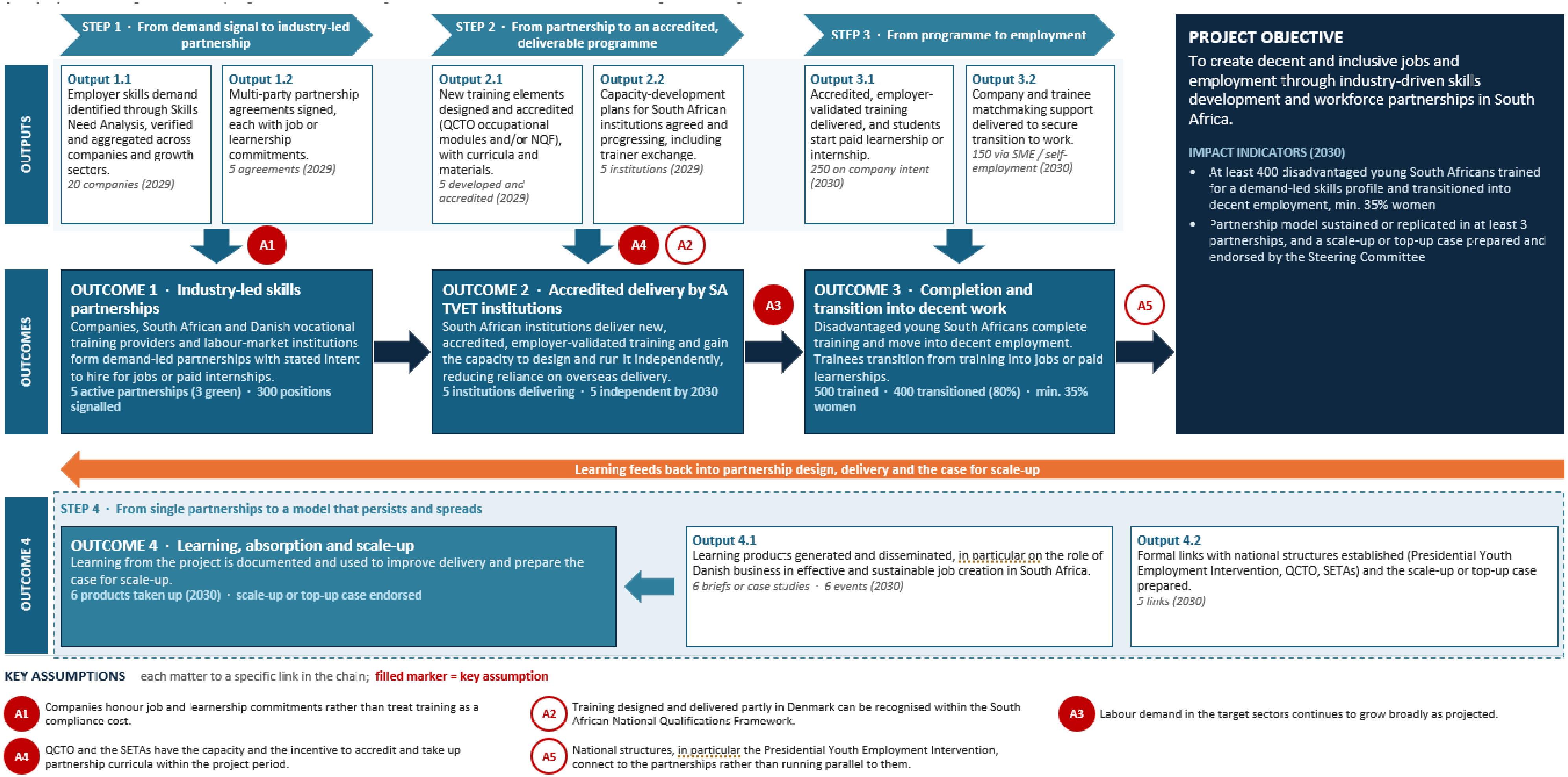

Figure 2. Theory of Change

6 Summary of results framework

The results framework (full version in Annex B) is organised around the project objective and the four outcomes set out above. Indicators are a mix of quantitative measures, for example numbers of partnerships, trainees, completions and placements disaggregated by gender and priority group, and qualitative measures, for example the accreditation status of curricula and their uptake by national structures.

Transition from training into paid internships and employment is particularly important, together with the inclusion of priority groups and the accreditation and national uptake of partnership curricula.

Project objective	**To create decent and inclusive jobs and employment through industry-driven skills development and workforce partnerships in South Africa.**	
Impact indicator 1	Number of disadvantaged young South Africans trained for a demand-led skills profile and transitioned into a decent employment opportunity[5]	Unit: persons. Follow-up tracer survey 6 to 12 months after completion; employer and partner placement records.
Impact indicator 2	Evidence that the partnership model is sustained or replicated beyond the Danish contribution (company-funded continuation, levy-grant or SETA financing, or replication by others).	Annual review; partnership and financing agreements; Steering Committee records.

Outcome 1	**Industry-led skills partnerships are established and operating including for the green transition. Companies, South African and Danish vocational training providers and labour-market institutions form demand-led partnerships with clear intents to hire for jobs or learnerships.**	
Outcome 1 indicator 1	Number of active multi-party skills partnerships operating under signed agreements that includes intent to hire trainees in jobs or paid learnerships/internships, including for the green transition.	Unit: partnerships. Signed partnership agreements; Steering Committee and management-unit records.
Outcome 1 indicator 2	Number of active multi-party skills partnerships contributing to the green transition (part of the partnerships in indicator 1).6	Unit: partnerships. Signed partnership agreements; Steering Committee and management-unit records.
Outcome 1 indicator 3	Number of job or learnership positions signalled by companies across active partnerships7.	Unit: posts. Register of intentss in partnership agreements; verified against placements.

Outcome 2	**South African vocational training institutions deliver new, accredited, employer-validated training and gain the capacity to design and run it independently, reducing reliance on overseas delivery.**	
Outcome 2 indicator 1	Number of South African vocational training institutions delivering new accredited training elements.	Unit: institutions. Delivery records; accreditation status.

[5] For measurement, the project will use ILOs definition of employment as "all paid activities" as well as the DCED Standard's measurement definition: "Net additional, full-time equivalent jobs created as a result of the programme, per year and cumulatively." See ILO's WESO Data Finder: Definitions and metadata, DCED Standard webpage, the actual DCED Standard (accessed July 2026). "Disadvantages" is the combination of eligibility criteria of South Africa-standardised metrics of youth, black/colors and household income combined with partnership-specific targeting. For details, see the project document.
[6] Green transition is judged according to the definitions and practice used in the Just Energy Transition Partnership in South Africa in order for the project to interlink and complement these activities.
[7] This is one type of employment pathway. For others, see outcome 3.

Outcome 2 indicator 2	Number of South African vocational training institutions strengthened to independently run the project's programs after project end, achieved through capacity building via project funds and efforts	Unit: Colleges/Institutions. Capacity-transfer milestone reports

Outcome 3	**Disadvantaged young South Africans complete training and move into decent employment. Trainees transition from training into jobs or paid learnerships.**	
Outcome 3 indicator 1	Number of individuals who is submitted to and undergo project-developed skills programmes and receive financial support to access such training opportunity and/or to transition into employment	Unit: persons. Completion records; placement confirmations; tracer survey.
Outcome 3 indicator 2	Number of trainees who completed project-supported training and transitioned into a job or paid learnership/internship within six months, disaggregated by sex.	Unit: persons. Completion records; placement confirmations; tracer survey.
Outcome 3 indicator 3	Transition rate: share of trainees completing project-supported training who enter a job or paid learnership within six months.	Unit: %. Tracer survey.

Outcome 4	**Learning from the project is documented and used to improve delivery and prepare case for scale-up.**	
Outcome 4 indicator 1	Evidence that learning products are used to improve delivery and inform scale-up, and that partnership outputs are taken up by national skills structures.	Annual review; adoption records from the Presidential Youth Employment Intervention, QCTO and SETAs; revised partnership model.

7 Project budget and financial management

7.1 Budget

The total Danish contribution is DKK 50 million over 2026 to 2030. A significant share will be spent by NBI as a sub-partner, with details depending on further project design planning.

The budget is phased, with a lower first-year allocation reflecting start-up and partnership formation and a fuller allocation once partnerships are operating. Following Financial Management Guidelines, reallocation between budget lines of up to 10 per cent is permitted with prior notification to KLIMA. No reallocations must be made to indirect costs and reallocations to budget lines that include salaries must be approved by the MFA.

In DKK millions	2026	2027	2028	2029	2030	Total
DIRECT COSTS						
Curriculum development and training	0.2	5.6	7.6	5.3	2.0	20.6
Capacity development of training institutions	0.0	1.9	3.2	1.1	0.2	6.4
Access for disadvantaged groups	0.0	0.6	2.1	1.8	0.4	4.8
Project implementation	0.6	4.0	3.9	3.5	1.6	13.6
Total direct costs	**0.8**	**12.0**	**16.7**	**11.6**	**4.2**	**45.3**
OTHER COSTS						
Indirect costs (7%)	0.1	0.8	1.2	0.8	0.3	3.2
Reviews and studies	0.0	0.5	1.0	0.0	0.0	1.5

TOTAL COSTS	0.9	13.3	18.8	12.5	4.5	50.0

Totals may not sum due to rounding

The detailed budget is in Annex C.

Several companies are in the pipeline and will be incrementally integrated into the project as partnerships are confirmed. The project starts with renewable energy and a second partnership on cooling technicians as frontrunners, with water management and other companies expected to follow where a critical mass forms.

Company contributions are indicated in the budget but will be managed separately. Specifically, contributions will be made either to Techcollege or to the Embassy. For contributions to the Embassy, funds should contribute to the outputs and outcomes as described in the current project and should follow the procedures laid out in this document and will fall under the Embassy's Public-Private Cooperation Unit. For contributions to Techcollege, activities may or may not fall within the results framework and procedures of the current project. Techcollege should ensure strong coordination, complementarity and synergy between projects funds and adjacent budgets from companies.

7.2 Financial Management

Financial management follows the Danish MFA's Financial Management Guidelines.[8] Techcollege as grant holder maintains records that distinguish the Danish contribution from other funds, including possible company co-financing.

An independent project audit is required annually, with audited financial statements submitted within six months of the end of each financial year. The level of activities in 2026 may be low, in which case the audit of 2026 and 2027 may be merged. Funds for the audit in 2026 will be reallocated to capacity building. Funds passed to a sub-partner, e.g. NBI, are expensed only once an audit has verified the expenditure at sub-partner level, and Techcollege is responsible for ensuring audit compliance downstream.

The grant is subject to standard conditions, including no business-class travel. The financial-management capacity of Techcollege, and of NBI as sub-partner, is assessed in Annex A.

Co-financing by participating companies will be managed in the form of contributions either to Techcollege or to a separate project at the Embassy of Denmark in South Africa, depending on the partnership. See also the Budget section above.

Duration: The main implementation period is from Q1 2027 to Q2 2030, i.e. 3½ years. Project preparation takes place in 2026 and project closure, reporting and audits will take place in Q3 and Q4, 2030. For that reason, the project spans five financial years: 2026-30.

The project may fund equipment. In that case, Techcollege will ensure that items above EUR 500 are capitalised and reported, an asset register maintained, and a handover note with two authorised signatures at closure. For further information on eligible costs, see Annex H.

Any unspent balance after project end, including any interests earned shall be returned to the MFA within 6 months after project.

[8] https://um.dk/amg/en/bilateral-cooperation/financial-management/

7.3 Value for money

Value for money is commonly evaluated against four criteria. Economy asks whether inputs are bought at a reasonable price. Efficiency asks whether those inputs are converted into training and partnerships at reasonable cost. Effectiveness asks what each krone buys in employment outcomes. And Equity asks whether the benefits reach the young people the project is intended to benefit.

Each test is applied against a counterfactual: what the same expenditure would buy through the South African vocational training system, and what would happen to these trainees without the project.

Economy: The project is not the cheapest way to deliver completed training. To address the issue of weak conversion of training into employment, the project will take aim at the problem of employers who do not trust the credentials the public system issues. In addition, work experience is scarce. The project focuses on the conversion to jobs, in addition to the building of skills. The value for money case therefore rests on effectiveness and equity rather than on low unit cost.

Efficiency: The budget in Annex C demonstrates unit costs. The overall average is DKK 100,000 per student, but with large differences per partnership. The Denmark-based element of the renewable energy partnership is the highest unit cost in the project and the line least defensible on economy grounds alone. Yet, it is also the partnership with by far the highest co-financing from a company. Only 3 months of the 9 months in Denmark are funded by the project, for example (cofinancing yet to be confirmed). There are many comparison tables for vocational training, but two which are relevant to this project are the Department of Higher Education and Training artisan learner grant, for example, which is paid to employers through the SETAs and the National Skills Fund pays approximately DKK 80,000 per apprentice enrolled.

Effectiveness: Measured against the targets in Annex B, the total budget divided by the 400 young people expected to be in employment or a paid learnership six months after training gives DKK 125,000 per person placed. These are comparatively high figures. The project is a pilot, however, and thus the learning effects on businesses as well as on the vocational training sector should be factored in, just as the general learning on how to integrate development cooperation and economic diplomacy will also provide lessons beyond the project in addition, the costs will fall as the project advances, since the setup of the project operations carry significant costs.

Equity is a strong cost driver for the project. Short courses to already well-educated and thus better off youth is cheaper than stronger outreach. Specific student support is budgeted to ensure outreach and transition support, also for disadvantaged students. Young people from townships and rural areas cannot reach or complete the training without this support and cannot subsist on a learnership stipend set below a living wage. This design is to ensure inclusion, but the motivation is also economic growth: One key analysis on constraints to growth, showed that lack of social and geographic mobility was a binding constraint on overall economic progress (see context analysis). Support to access for disadvantaged students is the reason the project reaches its intended group rather than the young people already closest to the labour market. A lower cost per placement obtained by selecting more employable candidates would mean lower outreach.

Overall, the project aims to demonstrate a practical model for integrating development cooperation with economic diplomacy. Its distinctive approach lies in the project design, which is grounded from the outset in skills demand identified by the private sector. Thus, flexibility is necessary because company contributions are expected to vary in both scale and composition, making it difficult to determine the precise budget requirements at the outset.

8 Project management, monitoring and reporting

8.1 Project management and reporting

Techcollege is the grant holder and leads day-to-day management as lead implementing partner. It is responsible for partnership formation, training design, delivery and the capacity transfer to South African institutions, and it sub-contracts other Danish vocational colleges where specific training competence is required. NBI, as sub-partner, manages employer mobilisation, employment pathways, accreditation and national anchoring.

Oversight rests with a Steering Committee with the following participation:

- The Danish Embassy in South Africa
- The MFA, KLIMA
- Techcollege

The committee approves annual work plans and budgets; reviews progress against the results framework and decides on the use of flexible funds. The committee also approves new partnerships (see Annex H for details). Techcollege serves as secretariat for the Steering Committee.

In addition, Techcollege establishes coordination mechanisms for each individual partnership, with participation of the relevant stakeholders.

Finally, a project advisory group meets once per year to provide feedback and input to the project design. The purpose is to ensure necessary adjustments to maximise development effects and results as well as maintain engagement from private partners. The advisory group consists of:

- Representatives from each partnership: Company, South African training institutions, Danish training institutions.
- The Embassy of Denmark in Pretoria, for the MFA, with the development and trade teams
- Techcollege
- The National Business Initiative
- Confederation of Danish Industry (DI)
- South African skills and labour-market institutions, nominated by the steering committee [for example QCTO, a SETA, the PYEI]

Meetings in the advisory committee may be organised as learning events to increase the chance of improving impact.

8.2 Division of labour and responsibilities

Techcollege is the main grantholder and responsible for project implementation. NBI and DI are partners through a sub-agreement, which is to be drawn up early in implementation. KLIMA has the formal responsibility for oversight but shares the donor role with the Embassy. Both are part of the Steering Committee, monitors deliveries and approves annual plans.

Techcollege, DI, NBI and the Embassy form a Project Coordination Team with Techcollege as the lead to ensure uniform and coordinated implementation. Mechanisms for coordination in the team will be agreed in November.

NBI is the national partner, with several decades of experience in operating in the South African vocational training environment. Their past and current projects involve partnering with vocational training institutions, national stakeholders and business. In this project, NBI will be responsible for identifying relevant local businesses, ensuring localised skills identification, and liaising and partnering with local vocational training institutions.

Confederation of Danish Industry (DI) have a strong link to Danish companies in Denmark, and will thus mobilise and engage companies in Denmark, in close collaboration with the Embassy which is the point of contact for Danish companies in South Africa. In addition, DI has experience in project implementation, stakeholder and delivery. For this reason, their role will be to support Techcollege in this respect, in particular related to stakeholder management. DI has worked in South Africa for many years, including with NBI, and is looking to increase its presence there.

Partner	**Role**
Techcollege	*Lead implementing partner, overall responsible for the results framework and for project and budget management.* *Sub-granting and contracting, including partner selection, due diligence, contract management and audit.* *Skills needs assessments and translation of company needs into training programmes.* *Co-design and delivery of training with South African vocational training colleges, including college capacity building.* *Secretariat for the Project Steering Committee; capture of learning and development of a scalable model.*
Embassy of Denmark in South Africa	*Engaging companies with Danish links: skills gaps, inputs to curricula, partnerships, co-funding and documented intents to paid placements.* *Recruitment, selection and support of participants (with Techcollege and NBI).* *Quality assurance of Danish company involvement, safeguarding additionality and development value.* *Donor coordination and outreach to South African institutions (with NBI).* *Broadly supporting the project on public-private cooperation, serving as a case of integration of development corporation with economic diplomacy.*
NBI (National Business Initiative)	*Lead South African partner, sub-grantee under Techcollege.* *Employer mobilisation including expression of needs for staff and interns.* *Transition of participants into jobs (with the Danish Embassy).* *System anchoring: selection of vocational training colleges and formal recognition of programmes.* *Company Readiness Training (with DI); tracer studies.*
DI (Confederation of Danish Industry)	*Liaison with and mobilisation of companies in Denmark.*

	Company Readiness Training and learnership awareness (with NBI). *Social partnership dialogue drawing on the Danish model.* *Support Techcollege in project and implementation management, including stakeholder management, in particular relationships to partners and M&E.* *Ensure synergies with other Danish-funded projects in South Africa and elsewhere, including contribute to scale-up ambitions.*
MFA in Copenhagen, KLIMA	*Final approval of disbursement requests, annual narrative and financial reports, audits.* *Communicating results and lessons learned to feed into the MFA's broader integration of development corporation and economic diplomacy.*
Project Steering Committee and National Project Advisory Group	*Steering Committee: approval of new partnership engagements and oversight of results. Secretariat provided by Techcollege.* *Advisory Group: advisory forum of South African and Danish stakeholders.*

The size of the management unit at the Embassy in South Africa depends on the private funding available through the partnerships. The initial division of labour is based on a Management Unit of two full-time staff. If the unit is smaller, the division of labour may shift between the Embassy and the MFA.

DI is implementing a range of projects within international development, some funded by the Ministry of Foreign Affairs, including as a Strategic Partner and a separate project on sustainable value chains. To ensure that the projects are complementary, any agreement between Techcollege and DI must be approved at the Ministry of Foreign Affairs before signature.

Reporting follows an annual cycle: Narrative and financial progress reports, and work plans and budgets for the year ahead. Invitations and meeting materials are circulated with two weeks' notice. The Steering Committee meet twice per year: In November to assess next year's work plan. And in April to assess last year's narrative and financial reports.

	Nov 2026	Apr 2027	Nov 2027	Apr 2028	Nov 2028	Apr 2029	Nov 2029	Apr 2030
Steering Committee	X		X		X		X	
Status Meeting		X		X		X		X

8.3 Synergies with other Danish partners

The project seeks synergies with the Embassy in Pretoria and the wider Danish portfolio: the South Africa-Denmark Energy Partnership Programme on green skills, the Water Reform Programme Support on accredited training, and new Danish business instruments, through which promising partnerships may scale. It aims to coordinate with GIZ at system level and aligns renewable-energy partnerships with NBI's Just Energy Transition Skilling for Employment Programme, positioning the Danish contribution within the Just Energy Transition Partnership and the broader portfolio of the Department for Green

Diplomacy and Climate. The Department for Economic Diplomacy and the energy and water programme teams share institutional space at the Embassy, which supports coordination and shared monitoring.

8.4 Project visibility

Visibility for the Danish contribution is ensured on events and publications in line with MFA visibility identity requirements,[9] in a way that supports rather than displaces local ownership and the visibility of South African partners and institutions.

8.5 Reviews and adaptive management

The project is a pilot and it's learning aim is to investigate and test how Danish businesses can contribute effectively to sustainable employment and job creation in South Africa. For that reason, outcome 4 is dedicated to ensuring learning. The budget spans 5 years, which would be a long period for a pilot. After some preparations in 2026, activities will start in Q1 2027, and the main activities will end in Q2 in 2030, giving an implementation period of 3½ years. Some activities are mentioned in the outputs, but the actual activities under this outcome depend on how the project and its context develop.

A mid-term review in 2028 should assess changes to the results framework and focus specifically on additionality (see Annex H) and here, lessons from the learning function (Outcome 4) should provide inputs to reviews and also feed back into delivery.

In case of a low level of progress, in particular a lack of commitment from businesses, the mid-term review should be ready to reduce the budget, and – after agreement with Techcollege - shorten the implementation period.

For the budget, it may be reduced by 80% of the core programmatic funds not committed by June 30, 2029. The core programmatic funds are funds used for training students in the partnerships, for support to students and for capacity building of the vocational training institutions. Committed means that they appear in a budget in a signed agreement with a college.

In case of positive results, scaling via **a top up** should be considered early. Additional budget could leverage the implementation structure already put in place and would significantly improve cost-effectiveness. The following can be taken into consideration:

- Past programme performance, including recruitment of students into long-term employment.
- Advancement of real industry partnerships, including the level of commitment and co-financing from companies as well as status on accreditation of courses and programmes.
- The ability of the project to create synergies and mutual benefits between economic diplomacy and development cooperation.

9 Risk management

The project is classified as high-risk. The most material risks, set out in full in Annex D, are the following.

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[9] https://visualidentity.um.dk/point/en/um/ accessed June 2026.

- Training-to-employment transition (programmatic, likely/significant). Trainees may complete training without moving into jobs. Job and learnership intents are a precondition for partnership approval, placements are tracked as an outcome indicator, and company co-ownership is built into partnership design. This is the central delivery risk identified at identification.
- Partner confirmation and pipeline (contextual and programmatic, likely/major). Partnerships are confirmed incrementally. The project starts from the renewable energy pilot, where commitment is established, and brings further companies onboard.
- New partner (institutional, likely/significant). Techcollege is a new partner in Danish development cooperation. Its strong capacity can be transferred in many respects, but there are also areas where it must learn and adapt. This has been addressed through partnerships (NBI/DI) as well as organisational strengthening.
- Additionality (institutional, likely/significant). Danish funds could in practice subsidise companies' commercial workforce pipelines or substitute for B-BBEE obligations. Additionality is tested at appraisal and at each partnership approval; partnership agreements confine grant funds to additional components and specify that grant contributions do not count towards B-BBEE scoring; companies finance compliance costs themselves.

For each principal risk the Ministry monitors leading indicators through partner reporting and reviews and uses the annual review to decide on adaptive measures.

10 Exit strategy and sustainability

The project is designed to take skills needs from companies as a starting point, but to build capacity into the South African skills development system, including for funding of future activities.

By the end of 2030 the project is expected to leave behind accredited vocational curricula that are taught within South African institutions, delivery capacity transferred to those institutions, and a documented and tested model for industry-led skills partnerships.

Results that persist after 2030 rest on curricula that remain accredited under the National Qualifications Framework, on the capacity built in South African vocational training institutions, and on compatibility with the levy-grant financing system as the long-term route to financing.

Furthermore, evolved trust and strengthened dialogue and collaboration between private sector and South African educational system will persist.

Accredited curricula and the associated quality assurance are anchored with the Quality Council for Trades and Occupations and the relevant Sector Education and Training Authorities. Delivery capacity is retained by the partner vocational training institutions. Employer engagement and co-financing by companies will continue beyond project closure. The learning function under Outcome 4 documents what works so that national bodies, in particular the Presidential Youth Employment Intervention, can take on the model.

Danish support is time-bound, with the final year concentrated on capacity development and documentation. If results are promising and the company interest is sustained, a top-up may be considered to take the model to scale and/or extend the duration.

Closure in 2030 includes final audits, reporting and implementation of this exit strategy.

Annex 1: Context analysis

The present analysis informs the project "Skills and Jobs for Youth in South Africa"

1) Political Economy Analysis

What is the development problem that we want to address?

Young South Africans, particularly women, are structurally excluded from productive employment: the economy does not generate enough decent jobs and the skills system fails to connect them to the jobs that do exist, rather than because they lack the will to work.

Over half of young people aged 15–24 is unemployed, and a significant additional share are NEET (not in employment, education or training), and thus disengaged from both education and the labour market.[1] This is a permanent condition for many. The problem reproduces itself across generations and reinforces apartheid-era patterns of racial and spatial inequality that three decades of democracy have not resolved.

Whose Problem Is It?

The problem is experienced differently by different actors:

Young black and coloured South Africans, especially women, and those in rural areas and townships bear highest the direct cost. Unemployment means poverty, dependency, loss of dignity, and exposure to crime and gender-based violence. Their problem is not just joblessness; it is the absence of any credible pathway forward.

The South African state and society carry the problem fiscally and politically. An extensive social grant system absorbs some of the cost, but is not a substitute for productive employment. The government has made skills development a stated priority for decades; the gap between policy intent and delivery is itself part of the problem.

South African employers including Danish companies operating in South Africa - face a version of the problem from the other side: a labour market where they struggle to find workers with the right technical and soft skills, particularly for mid-level technical roles in the sectors on which this project concentrates: renewable energy, logistics and shipping, water, life sciences and agriculture.

Danish companies ??

The Danish MFA has a stated interest in contributing to inclusive growth and private sector-led development in partner countries. The Danish private sector has a complementary interest: companies operating in South Africa need a skilled local workforce, face B-BBEE obligations, and have reputational and operational incentives to be seen as responsible investors.

Why does the problem persist?

The problem has two interlocking dimensions:

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[1] GiZ 2024: *Employment and Labour Market Analysis (ELMA) in South Africa: Focus on Just Transition*. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH / Career Path Development for Employment (CPD4E) Programme. Pretoria, South Africa: GIZ South Africa.

Insufficient labour demand. South Africa's economy does not create enough jobs for its working-age population. Growth has been slow and often jobless. This is the primary driver of unemployment. The Harvard Growth Lab's growth diagnostic for South Africa reaches the same conclusion and also what is behind it: the binding constraints on growth and on inclusion are the collapse of state capacity in the network industries, above all electricity, rail, ports and water, and the persistence of spatial exclusion.[2]

In addition, South Africa's skills system fails the people who need it most. The failure is likely actual supply of skills, in combination with the lack of qualification signals employers trust, or a route into a workplace for a young person without networks or prior experience, as evidenced by the Growth Diagnostic study. Even where jobs exist - or where the green transition, infrastructure investment, and private sector growth are beginning to create new ones - young people are not well-positioned to access them. The public TVET system is underfunded, structurally weak, and poorly aligned with employer needs. Most young people leave school without a credible pathway to employment. Work experience is scarce, credentials are not trusted by employers, and the gap between what training institutions produce and what firms require is wide.

Together, these create a lock-in: young people cannot access jobs because they lack recognised skills and experience; employers cannot find workers with the right skills; and the training system, which should bridge this gap, is too dysfunctional to do so at scale.

Formal rules: Laws and policies

The Skills Development Act (1998) and National Skills Development Plan (2019) mandate a levy-grant system in which employers pay 1% of their payroll to Sector Education and Training Authorities (SETAs), which are meant to channel funds back into workplace training. In principle, this creates a substantial pool of private financing for skills development. In practice, the system is poorly administered and weakly responsive to employer needs. SETAs collect questionable data, operate with distorted incentives, and have been steered away from strategic sectoral engagement toward compliance-driven micro-level administration (ELMA, 2024).

The National Qualifications Framework (NQF) governs credential recognition across three sub-frameworks administered by separate quality assurance bodies. Layers of qualifications have been added over time without removing old ones, producing a fragmented system that confuses learners, employers, and planners and undermines the labour market value of the credentials it is meant to assure.

Broad-Based Black Economic Empowerment (B-BBEE) is a significant formal rule shaping employer behaviour. The B-BBEE codes score companies on multiple dimensions including skills development, creating a regulatory incentive for employers, including Danish companies, to invest in training. However, B-BBEE also generates perverse dynamics: firms can comply formally with training obligations without genuine commitment to employability outcomes, using expenditure as a compliance mechanism rather than a workforce investment. While the B-BBEE has positive effects on promoting equality and marginalised groups,

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[2] Ricardo Hausmann, Tim O'Brien, Andrés Fortunato, Alexia Lochmann, Kishan Shah and others, Growth Through Inclusion in South Africa, Harvard Growth Lab, CID Faculty Working Paper 434, November 2023, pp. 7–10 and 19–33. The report is a two-year growth diagnostic carried out with the National Treasury, the Presidency, the South African Reserve Bank, the Department of Trade, Industry and Competition and the Centre for Development and Enterprise.

the framework in its current form is also a regulatory burden that may suppress investment and discourage entry, according to the World Bank.[3]

Labour regulation, including the Labour Relations Act, Basic Conditions of Employment Act, and the role of the CCMA, is frequently cited by employers as a deterrent to hiring. Evidence suggests that dismissal procedures are perceived as more complex and riskier than they actually are in practice, but the perception itself shapes behaviour: employers are cautious about taking on inexperienced, unknown workers, which disproportionately disadvantages young first-time jobseekers.[4]

Informal rules: Norms and practices

The experience trap is an informal norm operating in this system. Employers in formal sector firms rely heavily on prior work experience and social networks when hiring. Young people who lack both are screened out before qualifications are assessed. This reinforces racial and class-based inequality since established networks are predominantly white and better-resourced.

Employer disengagement from the training system is both a norm and a rational response. Workplace Skills Plans, the primary mechanism by which SETAs gather data on skills needs, are widely gamed: firms report training that qualifies for SETA reimbursement rather than activities reflecting genuine priorities. SETAs consequently operate with systematically distorted data, directing resources toward what is fundable rather than needed. Over time this has eroded employer trust in the public training system and reinforced disengagement (ELMA, 2024).

Institutional fragmentation as a behavioural norm extends into the state itself. The government's 100-plus active labour programmes, spread across more than 20 institutions, defy coordination and produce suboptimal results, according to the World Bank. There is no overarching system to monitor progress or evaluate outcomes. Beyond the structural gap, it also shapes how officials behave, prioritising compliance with their own institution's targets over cross-government outcomes. The Presidential Youth Employment Intervention (PYEI) is an attempt to overcome some of these challenges.

Discouraged youth represent a further dynamic. Large numbers of young people who have failed to access employment or training disengage entirely, becoming invisible to the systems meant to serve them. This underlines the importance of outreach, trusted intermediaries, and low-barrier entry points in project design.

Gender norms compound structural barriers. Women face occupational segregation, are concentrated in lower-wage roles, carry disproportionate domestic and care burdens, and face greater safety risks in commuting. Programmes that do not account for these constraints through flexible scheduling, childcare support, and gender-sensitive design will systematically underserve women.

Key stakeholders: Power and interests

Department of Higher Education and Training (DHET) is the primary authority over post-school education and training. Any programme involving accredited training, public colleges, or the NQF framework must navigate

[3] World Bank. 2024. *Driving Inclusive Growth in South Africa: Overview*. South Africa Policy Package. Washington, DC: World Bank Group.

[4] What Works for Work, 2026

its regulatory frameworks. Its interests centre on enrolment expansion and policy implementation. Subject to continuous internal reform pressure and coordinates with other actors, including the Presidential Youth Employment Initiative.

SETAs control substantial levy funds but are widely regarded as underperforming. The Energy and Water SETA (EWSETA) is among the more active in green economy skills and is a plausible project partner. SETA governance is formally tripartite but driven in practice by government targets and provider interests at board level.[5]

The Presidency / Presidential Youth Employment Intervention (PYEI) has elevated youth employment as a national priority and coordinates the National Pathway Management Network, with over 4 million young people registered. The PYEI's Harambee Youth Employment Accelerator is an operationally credible intermediary with a demonstrated track record. Engagement with this ecosystem is important for both legitimacy and access to target populations.

South African employers are heterogeneous. Large formal-sector firms in renewable energy, logistics and shipping, water, life sciences and agriculture are most relevant. Their interests include securing skilled labour pipelines, reducing hiring risk, and managing B-BBEE compliance. They are potentially powerful allies if convinced the project addresses a genuine business problem, but must be incentivised structurally, not relied upon for goodwill.

Danish private sector companies, e.g. Maersk, DSV, and others with South African operations, are simultaneously stakeholders, co-implementers, and intended beneficiaries. Their power comes from credibility, sectoral expertise, and the prospect of actual employment. Their interests include skilled local labour access, B-BBEE credit, and reputational positioning as responsible investors. The business case must be explicit and convincing.

Organised labour (COSATU and affiliates) retains formal representation in SETA governance and is institutionally suspicious of private sector-led training models that risk substituting cheap trainee labour for regular employment. Political risk management requires awareness of labour's likely position.

Young people themselves are the intended primary beneficiaries but structurally the least powerful actors. Their agency is constrained by geography, information gaps, financial barriers to training participation, and the compounding effects of long-term discouragement. Treating them as active participants in project design is both ethically necessary and practically important for effectiveness.

How can positive change come about?

Positive change is possible. The most important element is to design interventions around real employer demand rather than training supply. The most credible entry point is sectors where labour is actually growing, for example renewable energy, logistics, and green economy infrastructure. In addition, specific partnerships with businesses can drive change, since they come with opportunities for internships and networks.

Training that is short, employer-co-designed, and directly linked to a placement pathway consistently outperforms general skills provision. The evidence from South Africa itself shows that even relatively simple

[5] ELMA 2024

interventions like certified skills assessments, structured work placements, credible reference letters can meaningfully increase a young person's probability of being hired, particularly for those without prior work experience or networks.

Change is more likely to hold when the project works with existing South African systems rather than around them: connecting to the Presidential Youth Employment Intervention's infrastructure, engaging B-BBEE as an incentive rather than ignoring it, and building on credible intermediaries rather than creating parallel structures. Institutional fragmentation currently undermines most labour market programmes in South Africa with over 100 active schemes across 20 institutions with no common monitoring framework (World Bank, 2024).

Credible change is likely to improve the employment odds of a defined group of young people, but not reform the system as such. Interventions that produce credible, standardised skills signals have been shown to significantly improve outcomes, particularly for women and those without tertiary education.[6] The growth diagnostic underlines that a firm-level training project cannot change national demand for labour. It may, however, make the skills development system more responsive to demand.

The Employment Tax Incentive reduces the cost to firms of hiring workers aged 18–29, providing a wage subsidy that evidence suggests can raise employment probability by around 24%, though effects are stronger when embedded in broader intermediation and matching support rather than offered as a stand-alone voucher (World Bank, *What Works at Work*, 2025).

How can the programme/project best support this positive change?

The analysis shows that the project should be specific: It should target sectors where employer demand is genuine and growing, where Danish companies can credibly engage to add value, and where existing South African systems can be engaged rather than duplicated.

Six entry points follow from the preceding analysis:

First, the project should anchor training in real workplaces. Dual training arrangements in which young people split time between a Danish or South African company and an accredited training provider should be a key part of the project. Employer co-design of curricula, structured workplace exposure, and a credible reference letter at completion together produce the standardised, trusted skills signal the South African labour market currently lacks. This is the mechanism through which the project converts a training output into an employment outcome.

Second, sectoral focus should mirror the dual consideration of Danish companies and South African needs. Renewable energy, logistics and shipping, water, life sciences and agriculture are examples of sectors where Danish companies have established operations and where the just-transition and infrastructure-investment

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[6] Carranza, E., De Lorenzo Salvador, S., Hellebrandt, T., Koettl, J., Marguerie, A., and Rigolini, J. (2026). *What Works for Work: A Guidebook to Proven and Promising Employment Solutions*. Washington, DC: World Bank. © Global Labor Market Conference.

agendas create political and financial momentum, in particular for the mid-level technical roles that are demonstrably hard to fill.

Third, Danish company participation should be commercially rational rather than philanthropic. Companies receive a skilled labour pipeline aligned to their actual workforce needs, B-BBEE skills development credit, and shared costs with the Danish grant on the components, e.g. curriculum design, supervision, assessment, where their contribution is most valuable and they have a comparative advantage. This element is essential to sustainability: companies that engage on a business case will continue beyond the project period, whereas companies that engage on goodwill will not.

Fourth, the project should work with South African institutions and structures, and use them as levers and avenues for sustainability. Engagement with the Presidential Youth Employment Intervention and its Pathway Management Network can provide legitimacy, scale, and access to registered young jobseekers. Accreditation of courses through QCTO and alignment with NQF qualifications ensure credentials carry labour market value beyond the life of the project. Selective partnerships with SETAs, in particular EWSETA, can mobilise levy funds as co-financing where the SETA has demonstrated operational capacity, rather than as a default channel. B-BBEE is treated as an incentive structure to engage employers rather than a constraint to manage around.

Fifth, the project is designed around the constraints facing the priority groups. Women, NEET youth, and young people in townships and rural areas face compounding barriers that generic training models systematically fail to address. Examples of barriers are transport costs, care responsibilities, safety risks, information gaps, and long-term discouragement. Some ways of taking this into account could be targeted outreach through trusted intermediaries, stipends covering transport and subsistence, flexible scheduling, childcare provision where relevant, and gender-sensitive workplace placement. Without them, the project will reach the more accessible tier of unemployed youth and miss those whose exclusion is most structural.

Sixth, location is important. The growth diagnostic finds South Africa's employment problem to be concentrated in place: the national employment rate of 39 per cent is an average of about 46 per cent outside the non-metro former homelands and 26 per cent inside them, falling to 21 per cent in their rural areas, and an unemployed person who leaves a former homeland doubles their employment probability immediately and over time reaches roughly three times that of those who stay.[7] Direct commuting costs absorb 17 per cent of net wage income on average and 57 per cent once the opportunity cost of travel time is counted, and more than 35 per cent of labour income in the poorest quintile.[8] Where partnerships recruit students from former homelands it is thus important to invest in transition and matching, e.g. through stipends which cover the transition into work.

2) Matching with Danish strength, engaging Danish actors and seeking synergy

[7] Growth Through Inclusion in South Africa, op. cit., pp. 15–16 and 28, and Figure 3.16, p. 113. In some municipalities inside the former homeland boundaries the employment rate is below 10 per cent. The authors conclude that "the problem is with the places and not the people".

[8] Growth Through Inclusion in South Africa, op. cit., p. 26, drawing on Shah (2022). The report also cites Banerjee and Sequeira (2020), whose randomised trial found the cost of commuting high in relation to the returns from job search, with beneficiaries of transport subsidies redirecting their search closer to home.

Can the Danish private sector contribute to the positive change identified by the political-economy analysis? *(e.g. Danish investments, trade opportunities, placement of local youth in Danish companies)*

South Africa is the largest source of Danish FDI on the African continent, and the Danish corporate footprint is exactly in sectors where the political-economy analysis identifies the strongest scope for inclusive job creation: renewable energy (Mulilo, Copenhagen Infrastructure Partners), logistics and shipping (Maersk, DSV) and life sciences (Novo Nordisk); in line with the unified results framework, the project's sector scope also extends to water and agriculture. These are operationally significant employers with documented workforce needs, which holds potential to make Danish company engagement sustainable beyond the project period.

Danish companies contribute in three main ways: They bring operationally grounded knowledge of the skills profiles they cannot currently source with a precision the public TVET system has not been able to extract from employers at scale. In addition, Danish companies provide workplace-based learning, supervised placements, and credible reference letters at completion, directly addressing the experience trap. Finally, Danish vocational education providers (Techcollege) bring institutional capacity in dual-format training that South Africa's NSDP 2030 explicitly seeks to strengthen, transferable to South African TVET partners through structured collaboration.

A Danish-supported project must add value demonstrably beyond companies' existing B-BBEE obligations and cannot contribute to these. The project does this by design: When companies fund training activities, B-BBEE rules imply that only Danish companies' contribution actually count as B-BBEE spending. Top-up from e.g. the Danish government may make the project larger and more effective but does not count in the score.

Are there concrete opportunities for synergy with other Danish development actors? (Other Danish development programmes/project managed by the MFA directly, other Danish ministries, Danish philanthropic foundations or e.g. by partners such as Danish NGOs or UN agencies (supported by Danish core funding))

The Danish portfolio in South Africa under the Green Strategic Partnership provides several concrete points of synergy. Two MFA-financed programmes are particularly relevant: the South Africa-Denmark Energy Partnership Programme (SADEPP, 2026–2030), implemented by the Danish Energy Agency with the Department of Electricity and Energy and partner entities, and the Water Reform Programme Support (WRPS, from 2026), managed by the Embassy in Pretoria with the Department of Water and Sanitation, the eight metros, the Water Partnership Office, and WWF South Africa.

The most direct operational synergy is on green skills with SADEPP. SADEPP works at policy and system level on long-term planning, regulation, and just transition framework conditions, but explicitly identifies skills development in green technologies and reskilling as enabling outcomes it cannot deliver alone. The project delivers exactly this at partnership level for the renewable energy value chain, working with the same Danish corporate ecosystem (CIP, Mulilo, and others) that SADEPP engages on the commercial side. Shared sectoral analysis, coordinated dialogue with DHET and EWSETA, and joint engagement with the Presidential Climate Commission on just transition skills are all available without additional structure.

WRPS offers two concrete synergies. First, the National Water Reform Competence Development project (DKK 52 million for training in DWS and reform-minded municipalities) operates in the same accredited training space the project uses and faces similar questions on curriculum design, certification, and Danish-South African training partnerships. For that reason, operational coordination on training methodology and shared use of certified institutions is realistic. Second, water-sector engagement creates space for an energy-water nexus partnership in the project's portfolio, alongside the three Strategic Sector Cooperation projects already operating in water (national-level SSC and the city-to-city SSCs between Johannesburg–Copenhagen and Tshwane–Aarhus).

Beyond these two programmes, the programme operates adjacent to Danida/Green Business Partnerships (individual Danish company partnerships on commercial terms). The project differs in being a multi-partnership platform structured around dual training and employment outcomes with a mandatory three-way partnership architecture. Operational coordination with SADEPP, WRPS, other SSC's and DGBP will be managed through the Embassy in Pretoria, where the Trade Council, the SADEPP and WRPS teams, and the programme administrator share institutional space and reporting lines.

Are there concrete opportunities for synergy with other development partners? (identification of potential overlap, complementarity with other donor programmes, opportunities for collaboration or joint programming (e.g. team Europe or Global gateway?)

GIZ, on behalf of BMZ, is the most significant relevant other development partner. Its Career Path Development for Employment programme produced the ELMA (2024) analysis and operates a substantial portfolio in TVET strengthening, occupational analysis, and green skills. The two operations are complementary: GIZ works at system level on policy and occupational frameworks; the project works at partnership level on dual training delivery. Operational coordination through shared analysis and joint engagement with DHET and QCTO should be sought from inception, with co-investment in shared infrastructure such as SARETEC explored case by case.

GIZ received funding from the EU. In the preparatory work, GIZ showed considerable interest in exploring partnership models with German, but also other EU companies. Programming for future phases of GIZ's engagement was ongoing (spring 2026) and there are opportunities for collaboration. Due to the specific focus of the Danish project, it was assessed that co-implementation was not feasible.

Apart from GiZ, The Just Energy Transition Partnership (JET-P) is the most important multilateral framework for sectoral alignment. South Africa secured initial pledges of USD 8.5 billion at COP26 from a partner group that includes Denmark alongside the EU, France, Germany, the UK, and the US. The skills chapter of the JET Implementation Plan, operationalised through NBI's Just Energy Transition Skilling for Employment Programme (JET SEP), is the South African private-sector-led architecture for green skills delivery. The project will align renewable energy partnerships with JET SEP's demand analysis and CEO Champions network, and engage NBI as a substantive partner rather than only a verification body, which would position the Danish contribution as a concrete bilateral deliverable within JET-P. JET-P also organises regular donor and sector coordination sections, something which is relevant for project management.

At European level, Team Europe is the relevant coordination platform. Joint programming or formal Team Europe Initiative status is not proposed given the project's scale, but operational coordination with EU and member state TVET interventions through the Embassy should be pursued. The UK's FCDO Skills for Prosperity project and USAID's support to JET SEP are additional reference points for coordination on green skills.

Are there opportunities to combine Danish grant funding with financing instruments or co-financing from DFIs, multilateral banks, philanthropic capital or NGO's to increase scale, sustainability or impact? (For guidance, see the How-to-Note on Financing Instruments.)

The project's design already incorporates significant non-grant co-financing through the Danish private sector channel, including company co-funding and job placement and hiring, with the Danish grant covering only development-additional components. This is co-financing in operational terms even if not blended finance in the formal OECD-DAC sense, and is the primary instrument through which the project extends the reach of the Danish grant. SETA levy funds may provide additional South African co-financing on a case-by-case basis where the SETA has demonstrated operational capacity, EWSETA being the most plausible candidate for renewable energy partnerships.

Three further opportunities warrant assessment during inception. First, alignment with DFI activity: IFDK/EIFO has an active South Africa portfolio with investments in renewable energy and infrastructure, and skills partnerships can be structured around IFDK-supported operations where workforce development is part of the investment case. Similar opportunities exist with European DFIs and the African Development Bank. Second, philanthropic and climate finance for green skills, where the African Climate Foundation and others are increasingly active in JET SEP and could provide supplementary co-financing for specific partnerships, particularly to strengthen provisions for vulnerable groups. Third, framing the project as a Danish bilateral skills contribution adjacent to JET-P investment finance creates option value for future blended structures without requiring restructuring now.

The project is not designed as a blended finance instrument, but as a way to partner with private companies. The realistic gains are operational coordination with DFIs and philanthropic actors, and supplementary co-financing for specific partnerships.

3) Poverty orientation and rights-based principles

South Africa's inequality is among the most severe in the world, and poverty and inequality is both racialised and spatial. The vulnerable groups most relevant to this project are young black and coloured South Africans, particularly women, and young people in townships and former-homeland rural areas, who are simultaneously poor in income, poor in access to quality education and training, and poor in access to the networks and information that lead to work. These groups are concentrated outside the major urban centres and in the urban periphery. The growth diagnostic quantifies the scale. Inequality is the highest in the world, poverty stands at 55.5 per cent on the national poverty line, and the employment rate is 39 per cent, among the lowest recorded anywhere. Close to 30 per cent of South Africans live in rural former homelands, where employment rates are lowest and fall below 10 per cent in some municipalities.[9] It is these figures, rather than national income per head, that establish the case for concessional development finance in an upper-middle-income country.

The barriers to their inclusion are mutually reinforcing. Distance from quality vocational training as well as to potential employers, combined with the cost of transport, accommodation and subsistence during training is one key barrier. The scale of this barrier is documented: direct commuting costs average 17 per cent of net wage income and 57 per cent once travel time is valued, and the burden is sharply regressive, exceeding 35 per cent of labour income in the poorest quintile against under 10 per cent in the richest.[10] For young women in particular, care responsibilities and safety risks hamper participation. Employers screen on prior experience and on networks, something which disadvantaged youth do not have, creating an "experience trap". Finally, long-term discouragement from lack of significant improvement, that removes the most excluded from the systems meant to serve them.

These barriers work against fulfilment of the rights that South Africa has committed to under the international human-rights instruments it has ratified, including the conventions on the elimination of racial discrimination and of discrimination against women, and the rights to work, education and non-discrimination in the International Covenant on Economic, Social and Cultural Rights. In terms of national legislation, the Constitution, the Employment Equity Act and Broad-Based Black Economic Empowerment are intended to redress these inequalities. The project works within this framework.

The project applies poverty orientation operationally. At the partnership-level, eligibility prioritises trainees by social and regional background, gender and assessed alternative opportunities. Outreach will be done through trusted intermediaries to reach the discouraged and the unregistered, a key finding from the CIP/Mulilo pilot.

A number of support measures are built in to make it easier for disadvantaged groups, e.g. stipends covering transport and subsistence, flexible scheduling, gender-sensitive placement, and provision for disability where feasible. Finally, a minimum-salary floor for eligible job and learnership types is under consideration so that those who complete training and enter work are protected against in-work poverty.

Participation and accountability are addressed through transparent and published selection criteria, trainee feedback, the partnership-level experience exchange group, and grievance and safeguarding procedures for young trainees, including those training in Denmark. Do-no-harm risks include that selection inadvertently favours the least disadvantaged, that trainees who train away from home are exposed to safeguarding risks, and that expectations are raised without being matched by actual jobs. Each of these is mitigated through eligibility rules, duty-of-care procedures, and the job or learnership guarantee.

On gender, women face occupational segregation, concentration in lower-wage roles, disproportionate care burdens and greater commuting-safety risks. The project sets inclusion targets for women in each partnership, adopts gender-sensitive scheduling and placement, and monitors outcomes disaggregated by

[9] Growth Through Inclusion in South Africa, op. cit., pp. 7–8 and 14–17. The poverty figure is for 2014, the latest official value at the time of publication; the employment rate is for 2022.

[10] Growth Through Inclusion in South Africa, op. cit., p. 26.

sex; without these measures, demand-led training in male-dominated sectors such as energy and logistics would systematically underserve women.

On youth, young people are seen in South African policy both as the central development challenge and as the country's opportunity. The Presidential Youth Employment Intervention and its Pathway Management Network provide a national platform and a route to registered young jobseekers. The project treats young people as active participants in design and selection rather than as passive recipients, and engages youth platforms for outreach and legitimacy.

4) Growth and Jobs

Inclusive, sustainable growth and job creation

South Africa's labour market combines a large and growing working-age population with structurally weak labour demand. Official unemployment stood at 32.7 per cent in the first quarter of 2026, rising to 43.7 per cent on the expanded definition. Youth unemployment (ages 15–24) reached 60.9 per cent and the youth NEET rate 37.6 per cent.[11] The informal sector is unusually small for the region and does not absorb new entrants as it does elsewhere on the continent, so the formal economy carries the burden of job creation. The working-age population grows by roughly 120,000 each quarter, and more than 40 per cent of the unemployed are first-time entrants to the labour market.[12] The binding constraint is insufficient labour demand rather than unwillingness to work: skills interventions can ease the matching problem, but cannot, on their own, generate the jobs that are missing.

The labour market is more dynamic than the headline figures suggest. Firm-level evidence indicates that around 10 per cent of formal non-agricultural jobs are destroyed each year and about 9.5 per cent created, a gross reallocation on the order of one million jobs created and one million destroyed annually on a formal base of some 10.5 million.[13] Creation and destruction rates are close to OECD levels, and there is little evidence that labour legislation prevents firms from hiring or firing. The difficulty is that this churn has not

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[11] Statistics South Africa, Quarterly Labour Force Survey, Q1: 2026 (media release, 12 May 2026) and the accompanying data story South Africa's Youth and the Labour Market in Q1 2026: official unemployment 32.7 per cent, expanded rate (LU3) 43.7 per cent, youth (15–24) unemployment 60.9 per cent, youth NEET rate 37.6 per cent.

[12] World Bank, South Africa Economic Update, Edition 15: Learning (February 2025), pp. 10–11: 526,000 jobs created against 1.8 million labour-force entrants between end-2019 and September 2024. Working-age population growth (about 120,000 per quarter) from Statistics South Africa, QLFS Q1: 2026; the share of new entrants among the unemployed (over 40 per cent) from IMF, South Africa: 2025 Article IV Consultation, Country Report No. 26/34 (February 2026).

[13] Kerr, A., Wittenberg, M. and Arrow, J. (2014), Job creation and destruction in South Africa, South African Journal of Economics 82(1), with the authors' Econ3x3 summary (January 2013): around 10 per cent of formal non-agricultural jobs destroyed and about 9.5 per cent created each year; creation and destruction rates similar to OECD levels, with little evidence that labour legislation prevents hiring or firing; a firm size of about 500 employees the threshold for positive net job creation; the National Development Plan's reliance on small and medium firms unlikely to be realised without substantial policy change. Firm-age evidence from Tsebe, M. et al. (2018), Firm Dynamics in South Africa, OECD Economics Department Working Paper No. 1528.

produced net growth: between the end of 2019 and September 2024 only 526,000 jobs were created against 1.8 million new labour-force entrants, and formal payrolls have since contracted outright, falling by 91,000 in 2024 and a further 102,000 in 2025.[14] [15] Analysis from 2014 suggests that net new jobs during that period came disproportionately from large firms (the threshold for positive net creation is around 500 employees), from young firms, and from services; the National Development Plan's expectation that small and medium firms would drive employment had not materialised.[16]

The binding constraints to job-generating private-sector growth are well identified: electricity-supply and freight-logistics bottlenecks, spatial exclusion, policy and regulatory uncertainty, and, for the small firms that hold most existing employment, access to finance, which the World Bank identifies as the single biggest constraint on their development. The Harvard Growth Lab's growth diagnostic attributes the growth slowdown principally to the collapse of state capacity in these network industries: annual GDP growth fell from 3.6 per cent between 1994 and 2008 to an average of 0.7 per cent in the five years before COVID-19, and the deterioration of the utilities alone accounts for upwards of 40 per cent of the growth underperformance since the global financial crisis. The share of firms reporting electricity as a constraint rose from 15 per cent in 2007 to 55 per cent in 2020, far the most reported constraint of any kind.[17] Electricity supply has improved during recent years, but distribution is still an issue. Number of firms starting up and closing relative to the size of the economy is about a third of the norm for middle-income countries, so the economy is short of the new and young firms that create jobs.[18] Own-account work and microenterprise employment stand at 4 per cent of employment against the 20 per cent expected at South Africa's income level, so the informal route out of unemployment that operates elsewhere is largely closed here.[19] These are largely macro-structural constraints beyond the reach of a skills project. The project navigates rather than resolves them by concentrating on sectors where investment and labour demand are nonetheless growing, and by working with employers who are actively expanding their operations, so that training is tied to demand that already exists.

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[14] World Bank, South Africa Economic Update, Edition 15 (February 2025), op. cit.

[15] Statistics South Africa, Quarterly Employment Statistics (P0277), December 2024 and December 2025 releases: formal non-agricultural employment of 10.55 million at December 2025, with year-on-year declines of 91,000 (2024) and 102,000 (2025).

[16] Kerr, Wittenberg and Arrow (2014), op. cit.

[17] Growth Through Inclusion in South Africa, op. cit., pp. 11, 21–24 and 39. The South African Reserve Bank estimated losses of around USD 50 million a day and judged that 2023 growth would have been 2.3 per cent rather than 0.3 per cent without load-shedding. The diagnostic attributes the collapse to ideological gridlock, preferential procurement rules that overburden operating entities, decentralisation of spending responsibility to municipalities without matching capability, and political patronage.

[18] World Bank, Driving Inclusive Growth in South Africa (February 2025), and World Bank blog Seizing the Moment (2 June 2025): firm entry and exit, and SME growth, run at about one-third of middle-income norms, with access to finance the biggest constraint on small-firm development; energy and freight-logistics reforms are estimated to add 200,000–500,000 jobs over the medium term.

[19] Growth Through Inclusion in South Africa, op. cit., pp. 17–18, drawing on Shah (2022) and Shah and Sturzenegger (2022): the anomaly is not explained by the presence of social grants, by labour market regulation, by low education or by crime, but by an urban structure that places people far from both formal workplaces and the foot traffic on which informal work depends.

The context is supportive of green-job creation. The just energy transition and the renewable-energy build-out are generating new mid-level technical roles across the solar, wind, storage and grid value chains, and the cabinet-approved Renewable Energy Masterplan targets more than 25,000 manufacturing jobs by 2030 on the back of a private renewables investment pipeline exceeding R400 billion.[20] The National Business Initiative estimates that the energy transition will require 400,000–600,000 gross jobs over twenty-five years, with 120,000–200,000 by 2030 from the current project pipeline alone, around half of them in the solar value chain.[21] This is the principal new sectoral bet for job-rich growth, and it aligns directly with the project's renewable-energy and adjacent partnerships. The climate and just-transition dimensions are developed in section 5.

There is a well-documented mismatch between what the vocational training system produces and what employers demand, most acutely for mid-level technical roles. The evidence is clear that this is not, in itself, the primary cause of youth unemployment: demand-side factors account for around 68 per cent of the variation in youth employment outcomes, and the IMF concludes that education alone is insufficient to mitigate youth unemployment.[22] The implication for skills programming is that training raises the probability of employment only when it is tied to actual labour demand and to placement. The projects inclusion of companies is an advantage in that respect. Prior work experience nearly quadruples the probability of transition into employment, at 9.8 per cent against 2.6 per cent for those without it.[23] The project's demand-led, employer-co-designed dual model, with a guaranteed job or learnership offer, is a direct response, and its additionality rests on closing the specific gaps employers cannot fill through existing provision.

On decent work, the target sectors offer formal employment with social protection, but low quality learnerships and working poverty are real risks. Preparations for the project indicate a large sub-sector which helps companies deliver on the learnership requirements required by law, without necessarily focusing on long-term job creation.

Social-dialogue capacity is contested and very different from e.g. a Danish context. Organised labour retains formal representation in SETA governance and is not always positive of private-led training models.

Women face specific barriers to entry into the higher-productivity, male-dominated trades the project targets: occupational segregation, unequal access to the networks that lead to work, disproportionate care

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[20] South African Renewable Energy Masterplan (SAREM), approved by Cabinet March 2025: more than 25,000 jobs by 2030 through localising component manufacturing; National Treasury, Overview of Operation Vulindlela Phase II (May 2025): over R400 billion in private energy investment unlocked to date.

[21] National Business Initiative and Boston Consulting Group (2024), Powering Futures: The Green Skilling Opportunity (Just Energy Transition Skilling for Employment Programme, JET SEP): the energy transition will require some 400,000–600,000 gross jobs over twenty-five years, with 120,000–200,000 by 2030 from the current project pipeline (around half in the solar value chain); engineers, technicians and artisans account for roughly 35 per cent of near-term demand.

[22] IMF (2025), Growth Benefits of Macro-Structural Reforms in South Africa, Selected Issues Paper SIP/2025/023 (March 2025): for youth employment, demand-side factors account for 68 per cent of the variation; education alone is insufficient to mitigate youth unemployment.

[23] Statistics South Africa, Labour Market Dynamics in South Africa 2024 (Report 02-11-02), QLFS panel transitions: a 9.8 per cent probability of transitioning into employment for persons with prior work experience, against 2.6 per cent for those without.

burdens, and safety risks in commuting. The project's inclusion measures, including outreach through trusted intermediaries, stipends, flexible scheduling, childcare and gender-sensitive placement, are designed to address these directly.

The Danish private sector can contribute to sustainable growth and jobs precisely because its South African footprint is concentrated in these growing sectors; the project's leverage comes from company hiring, strong knowledge of the real skills gaps, as well as from co-financing.

Two further findings of the diagnostic bear directly on design. First, South Africa now loses more skilled workers than it attracts, so training whose result is emigration transfers the benefit out of the country.[24]

5) Climate change and environment, Inclusive sustainable growth of Jobs

Impacts of climate change and environmental degradation on development

South Africa is both a major greenhouse-gas emitter and highly exposed to climate and environmental stress. Despite some transition, power generation is dominated by coal, which supplies around 82 per cent of electricity according to the International Energy Agency and makes the country one of the most carbon-intensive economies in the world, with associated air-pollution and health costs. It is also a water-scarce country subject to recurrent drought and flooding, with water security a binding constraint on agriculture, energy and urban development, which is part of the rationale for the parallel Danish water-reform engagement. Environmental risk interacts with an unreliable electricity system: the country experienced load-shedding on roughly 200 days in 2022, and energy poverty remains widespread, with as many as 3.5 million households not yet connected to the grid.[25]

These risks fall unevenly. Low-income households bear the burden of energy poverty, air pollution and rising food and water costs, while the just transition concentrates adjustment risk on workers and regions dependent on coal, above all Mpumalanga, where coal mining and coal-fired generation are concentrated.[26] Youth and women, already structurally excluded from the labour market (sections 1 and 4), are most exposed to the risk that the transition reproduces existing inequalities if skilling and job access are not made deliberately inclusive.[27] The project does not address coal-region adjustment directly (that is the domain of the broader just-transition framework), but it is designed to widen access for disadvantaged youth to the new opportunities the transition creates, and not to cut across that adjustment.

The transition is also the country's principal opportunity for job-rich, lower-carbon growth. The Integrated Resource Plan envisages 120–150 GW of renewable capacity by 2050 alongside the decommissioning of more

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[24] Growth Through Inclusion in South Africa, op. cit., pp. 32–33, citing Halstein (2021).

[25] South Africa–Denmark Energy Partnership Programme (SADEPP / DEPP 2026) Country Programme Document, 22 October 2025: coal supplies around 83 per cent of South Africa's power, with associated carbon emissions and air pollution; load-shedding on approximately 200 days in 2022; and as many as 3.5 million households not connected to the grid.

[26] National Business Initiative and BCG (2024), Powering Futures: The Green Skilling Opportunity: a just transition requires that skilling reach marginalised and vulnerable communities, particularly youth and women; coal-dependent regions, notably Mpumalanga, face concentrated transition risk.

[27] NBI and BCG (2024), Powering Futures: The Green Skilling Opportunity, op. cit.

than 20 GW of coal-fired power by 2040, implying sustained demand for a green workforce.[28] As set out in section 4, this build-out is expected to require 400,000–600,000 gross jobs over twenty-five years, with demand concentrated in mid-level technical and artisanal roles; artisans, technicians and engineers account for roughly a third of the near-term requirement, precisely the band the project targets.[29] Even though many of these jobs are for construction, and that estimates of labour needs to maintain renewable energy infrastructure is much less, the scale of the transition is so large that it may matter to unemployment. In addition, the transition is an opportunity to expand work experience to a broader segment of the population.

Green and inclusive transformation

South Africa has a comparatively developed climate-policy architecture. Its Nationally Determined Contribution, the Just Energy Transition Implementation Plan, the Climate Change Act and the cabinet-approved Renewable Energy Masterplan together set out an explicit decarbonisation and localisation pathway, and the Presidential Climate Commission provides a coordinating institution for just-transition policy.[30,31] Implementation capacity is the constraint rather than strategy: energy-sector reform and grid expansion lag the ambition of the plans. Alignment of skills supply with transition demand is low and the skilling system in lacks a comprehensive view of supply and demand. Instead, it is fragmented across institutions, and delivers curricula often mismatched to workplace needs.[32]

Significant climate finance is mobilising around the transition. The Just Energy Transition Partnership is the principal multilateral frame. Under this partnership, South Africa secured initial pledges of USD 8.5 billion at COP26 from a partner group that includes Denmark alongside the EU, France, Germany, the UK and the US, and private renewables investment already exceeds R400 billion.[33,34] The present project is not itself a climate-finance instrument, but it is positioned as a concrete bilateral skills deliverable adjacent to this investment, aligning its renewable-energy partnerships with the demand analysis and CEO-champion network of the National Business Initiative's Just Energy Transition Skilling for Employment Programme.[35]

The growth diagnostic reaches the same sectoral conclusion by a different route. Having lost its comparative advantage in cheap coal-fired power, South Africa's most promising new growth drivers lie in supplying global

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[28] Integrated Resource Plan (IRP, 2023) and the Just Energy Transition Implementation Plan, as reported in NBI and BCG (2024), Powering Futures: 120–150 GW of renewable capacity by 2050 and the decommissioning of more than 20 GW of coal-fired power by 2040.

[29] NBI and BCG (2024), Powering Futures: The Green Skilling Opportunity, op. cit.

[30] IRP (2023); Just Energy Transition Implementation Plan, op. cit.

[31] SAREM (2025); National Treasury, Operation Vulindlela Phase II (2025), op. cit.

[32] National Business Initiative and BCG (2024), Powering Futures, drawing on the JET Implementation Plan Skills Chapter: the skilling system lacks a comprehensive view of skills supply and demand, is fragmented across institutions, and delivers curricula often mismatched and irrelevant to workplace needs.

[33] South Africa Just Energy Transition Partnership (JET-P), announced at COP26 (Glasgow, 2021): initial pledges of USD 8.5 billion from an International Partners Group that includes Denmark alongside the European Union, France, Germany, the United Kingdom and the United States.

[34] SAREM (2025); National Treasury, Operation Vulindlela Phase II (2025), op. cit.

[35] NBI and BCG (2024), Powering Futures: The Green Skilling Opportunity, op. cit.

decarbonisation: making the enablers of the transition, including critical minerals, vanadium redox flow batteries and platinum-group fuel cells; making green versions of grey products; and exporting green knowhow, particularly engineering, procurement and construction services.[36] This is an independent argument for ensuring that project is active in the renewable-energy and green industrial value chains. The diagnostic's own prescription for the most excluded areas is to bridge productive knowhow through business partnerships, which is close to the modality used in the present project.

Private-sector action is central to delivering an inclusive transition, and this is where Danish strengths align with South African need. Danish companies in renewable energy and the wider green value chain bring operational demand signals, workplace-based learning and a credible route to employment, complementing the policy- and system-level work of the parallel Danish energy and water programmes.[37] Equity and just-transition principles are not an add-on but the project's organising logic: green skilling is directed deliberately at youth and women underserved by the existing system, so that the people most exposed to the costs of the transition gain access to its opportunities.[38]

The remaining standard sections for a context analysis are relevant, but are described above in a way that is assessed to be sufficient for programming.

[36] Growth Through Inclusion in South Africa, op. cit., pp. 31 and 38, and chapter 4, pp. 126–157. On bridging productive knowhow into the former homelands through business partnerships, see pp. 29–30 and chapter 3.3, pp. 107–125.

[37] South Africa–Denmark Energy Partnership Programme (SADEPP, 2026–2030) and Water Reform Programme Support (WRPS, from 2026): the parallel Danish MFA engagements at energy- and water-sector policy and system level; see section 2.

[38] NBI and BCG (2024), Powering Futures: The Green Skilling Opportunity, op. cit.

Annex F – Project Description:

"Skills and Jobs for Youth in South Africa" pilot project 2026 - 2030

1 Introduction

- **Name of project**

  "Skills and Jobs for Youth in South Africa"

- **Danish grant period and amount**

  Grant period of 5 years: Budget allocation years 2026-2030, with the main activity period running from Q1 2027 to Q2 2030 (3½ years), activities completion deadline on 30 June 2030 and final project follow-up, reporting, and audit completed before 31 December 2030.

  Total grant amount: DKK 50,000,000

- **Name of implementing partner**

  Techcollege S/I

  Øster Uttrup vej 1, DK-9000 Aalborg

  Techcollege assumes the role of project owner, acts as the main implementing partner and leads the Project Coordination Team (PCT)

  Additionally, the following entities will assume roles as individual Strategic Partners to the project (NBI and DI on the basis of sub-partner agreements with Techcollege) and will participate with staff resources in the PCT and mutually co-sign the MoU for PCT organization and operation, with Techcollege:

  - The Royal Danish Embassy in Pretoria (represented by its Public-Private Cooperation (PPC) unit) on the basis of funding provided by companies participating in the project, as well as other channels outside the scope of the project grant. The Embassy will not receive project funds from Techcollege.
  - NBI (National Business Initiative)
  - DI (Confederation of Danish Industries)

Table of Contents

2 Project objective and scope

2.1 Project objective as defined by the partner

The overarching project objective is to ***create decent and inclusive jobs and employment through industry-driven skills development and workforce partnerships in South Africa*** - through the development, provision, and systemic anchoring of demand-led vocational skills programmes by innovative public-private partnerships.

Inspired by Danish social partnership dialogue dynamics, the project will pave the way for sustainable job creation through the design and development of vocational skills programmes that address and reflect actual skills gaps or skills shortages expressed by employers/companies, and which impede their ability to launch or fill specific job position, thus impeding growth and development. With (private) companies and labour market stakeholders engaging in dialogue with the project partners and (public) vocational education and training (TVET) providers, the project will collect statements of intent from Danish-linked and South African companies for provision of jobs or paid learnership/internship opportunities for trainees trained by the project in the vocational skills programmes developed in response to the stated company needs.

By engaging the private business world, as well as TVET providers and labour market (sector) representatives for joint efforts towards setting up win-win co-operation partnerships for addressing skills issues and creating new jobs for young South Africans, the project aims to pilot a new co-operation model combining trade (commercial) and development perspectives within the DANIDA framework. This model will investigate and optimize how Danish business can be involved as effective and sustainable contributors to/actors for pursuing development cooperation aims.

The project seeks to achieve its primary objective by:

Establishing several individual, operational partnerships between the project partners (see page 1), private companies with Danish links[1] operating in South Africa, South African and Danish TVET institutions. Each partnership is to be supported and/or validated by further private South African businesses (within the cross- or sub-sectors of the Danish-linked companies) and other labour market stakeholders. The outset objective of each partnership is to identify, validate and address a specific set of future skills needs necessary for employment growth in South Africa within the skills profile identified by the partnership as its focus.

Through structured Skills Needs Analysis and continuous collaboration, project partners and partnership participants will co-develop demand-driven curricula for vocational skills programmes/ courses/modules[2], either as new developments or as revisions or limited additions to existing TVET programmes. Companies (Danish and South African) will actively contribute throughout the process – from identifying skills needs (current or emerging) and validating curricula, to supporting pilot implementation and providing pathways to employment through offering placements for project participants in the form of (paid) workplace-based learning (internships/learnerships) and/or jobs.

The setup for each partnership will include:

- One Danish private company operating in South Africa
  (acting as launch partner of the partnership by placing a formal Partnership Request with the project, based on a specific skills gap/shortage experienced by the company, which currently or within the foreseeable future is estimated to cause a loss of job creation opportunities for the company)
- (Min.) Two additional companies/organizations from cross- or sub-sectors to the Danish company (for skills gap/shortage validation)
- (Min.) One South African TVET institution

[1] Commercial entities that represent either Danish ownership, Danish products/services, or other Danish commercial interests on the South African market

[2] New TVET-level skills profile training may imply shorter modular skills training courses accredited as a separate, stackable occupational competence within the South African QCTO framework – or longer multi-module or part TVET-profile training flows, which are added to existing QCTO or NQF-accredited TVET profiles in South Africa to create new or expanded TVET and/or QCTO recognised vocational qualifications (skills profiles).

- One Danish VET (Vocational Education and Training) provider (to assist in curriculum development and training delivery, and provide capacity building for its South African counterpart)
- (Min.) One Labour Market or Business/Skills/Market Sector representative body relevant for the skills area in focus within the partnership

The project is expected to include the following main steps (work processes) for achievement of its objective:

- Skills Gap Identification: Mobilizing Danish-linked companies operating in South Africa to identify current or emerging skills gaps (needs) and request the establishment of a partnership within the project. In addition, companies will be expected to state their intent to provide job or learnership/internship opportunities for a specified number of trainees after development and delivery of new skills training to target group individuals by the project. This process of mobilization is led by the Danish Embassy's Public Private Cooperation Unit[3] due to its vast network, reach and knowledge of the South African business markets. Techcollege supports the process, particularly re. translating identified skills gap into vocational skills profile training. DI will engage major companies in Denmark, who have a presence on the South African market.

- Labour Market Validation: Validating the identified skills needs through a Skills Need Assessment, involving a wider net of South African companies within the cross-sector / value chain of the Danish companies as well as a range of labour market stakeholders. This step serves a double purpose: 1) to ensure that partnership activities are not solely benefiting a single company, and 2) to involve South African and non-Danish companies to give inputs to the skills profile and give statements of intent to hire leaners. NBI – supported by the Embassy – leads the validation process through outreach to and involvement of relevant labour market organizations and businesses within the cross- or sub-sectors to the Danish company's value chain.

- Skills Need Analysis: The identification and validation of a current or emerging skills gap must be translated into a relevant vocational skills profile and the demand (expressed and projected) for such profile needs to be assessed. This activity increases the likelihood that we train for the

[3] As explained in the Project Document, funding for this Embassy-led Unit is dependent on company contributions. Due to the uncertainty of these contributions, DI may assume this responsibility. This is not considered a great risk, since both the Embassy and DI are capable and have extensive networks and reach to Danish companies.

'right skills in the right location and at the right time'. The Skills Need Analysis process is coordinated by Techcollege and supported by all other PCT participants.

- Training Design: Developing industry-led and demand-driven curricula for vocational skills profiles that address the identified and validated skills needs. This process is led by Techcollege but includes a collaboration between South African and Danish TVET providers and private sector actors.

- Capacity building and equipment purchase Strengthening the ability of the partnering South African TVET institutions and their involved key staff to deliver the project-developed vocational programmes/modules/courses through counselling, equipment upgrading and upskilling of trainers – with the ability to operate independently of Danish partner input at project expiry. This activity is managed by Techcollege and led by the selected main Danish VET provider best suited for the specific partnership (this may be Techcollege or another Danish VET provider).

- Skills Programme Accreditation: Ensuring that the developed skills programmes – and their intended South African TVET institution providers - are validated, officially recognised and formally accredited within the South African institutional and educational framework. NBI runs this process, circumstantially through appropriate intermediates such as QTF, and is supported by Techcollege and possibly the Embassy if/when relevant or necessary.

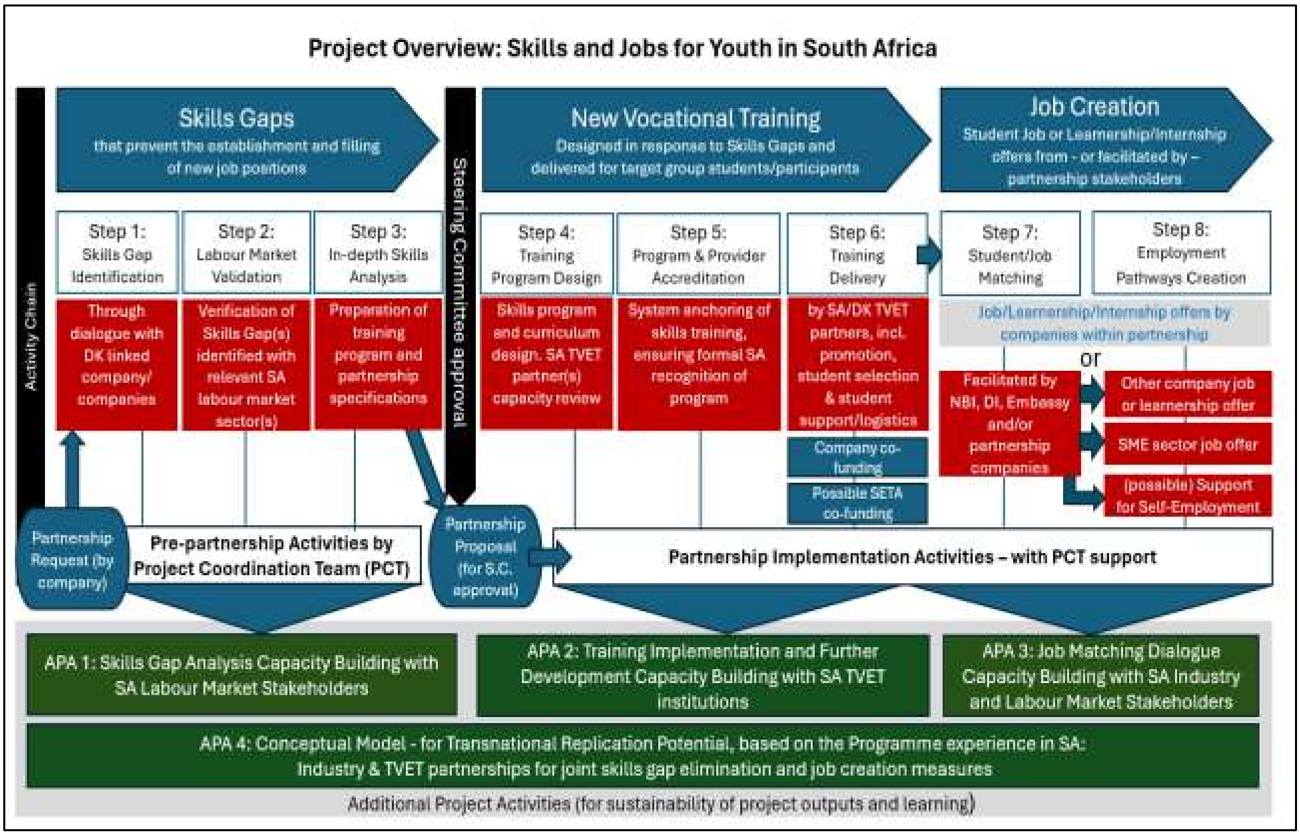
- Sourcing, selecting and supporting participants: Including identification of suitable approaches to promote the developed vocational skills programmes and to reach the specified target group. This process is primarily carried out by the Embassy PPC unit and is supported by Techcollege.

- Training Delivery: Selected target group participants undergo training. This activity is carried out as a cooperation between a South African TVET institution and a Danish VET provider. Techcollege leads the coordination. The involvement of the Danish VET provider is thought to gradually diminish throughout the project lifespan, leaving the South African TVET fully capable to deliver the training independently of Danish inputs.

- Deliver 'Company Readiness Training' inspired by the Danish model for social partnership dialogue. Conducting Learnership Awareness Sessions with companies and agreeing on learning outcomes to maximize learning progress. This step is led by DI and NBI and seeks to increase the outcome of the work-integrated learning processes to the benefit of both individual participants and companies.

- Employment pathways creation: Encouraging companies (Danish and South African) to offer paid positions in the form of either work-integrated learning placements, learnerships, internships, or formal jobs to participants and channelling students these opportunities. Any such employment pathway must be decent, inclusive and relevant to the trainee's skills acquired through participation in the project vocational programmes. For the residual group of trainees, for whom no employment pathway has been secured through commitments from partnership participants (or their networks), the project will facilitate matchmaking with selected SME environments and/or facilitate self-employment (entrepreneurship) as alternative pathways. The Embassy PPC unit (with DI) is primarily focusing on the Danish companies, whereas NBI mobilizes additional companies to commit to delivering employment opportunities and organizes alternative pathway creation measures.

Figure 1: Project Overview: a "value chain" of 3 processes and 8 steps to achieving Project Outputs



To achieve the primary project objective, the (skills) needs of the private sector are the driving force of the processes. It is currently experienced or emerging skills needs that are the foundation for establishing a partnership and for designing curricula. It is also these needs that should motivate the Danish companies to provide inputs, funding and commitments of employing participants upon training completion. To increase employment pathways and to ensure that the employment prospects are long-term and sustainable, all skills gaps/needs of the involved Danish companies are to be validated by other companies operating in South Africa that have similar needs (current or emerging) for skilled employees and thus also are motivated to give commitments for offering employment opportunities for participants.

Though, the objective of creating employment pathways is not only designed to lead X individuals into jobs. It is intended to facilitate a mutually beneficial dialogue and cooperation between the private sector and the South African TVET institutions, leaving behind not only new, accredited and demand-led skills programmes, but also an established way of cooperation to foster sustainable employment through skills development that accommodates the actual needs of companies.

On the side of the TVETs, this is sought through capacity-building, improving their ability and responsiveness to address the changing and emerging skills needs that will drive the future South African economy. On the side of the companies, inspired by the Danish model for social partnership dialogue, they are encouraged to expand their approach to and engagement in offering work-integrated learning: Led by DI and supported by NBI and Techcollege, the companies taking learners will be better equipped to host, supervise and retain learners through 'Company Readiness Training'.

Learning conclusions from the project (as an acknowledged pilot process) are to be documented to continuously adapt and improve the processes and to prepare for a potential scale-up and/or top-up - and to develop a conceptual model for how to replicate this pilot in other countries.

2.2 Roles and responsibilities

The project is implemented through

1) A Project Coordination Team (PCT) with staff resource contributions from all project partners listed on page 1. Led by the resident Techcollege-appointed Project Director, this unit (team of 4-6 Danish and South African staff) will organize all pre-partnership[4] establishment activities in the project (step 1-3), support each established partnership during its activity implementation (step 4-6), and conduct employment pathway creation activities (step 7-8). In addition, the

[4] See Figure 1 on page 7: all activities under the "Skills Gaps" heading are defined as pre-partnership, as they precede the stage where a partnership is approved by the project Steering Committee and launched

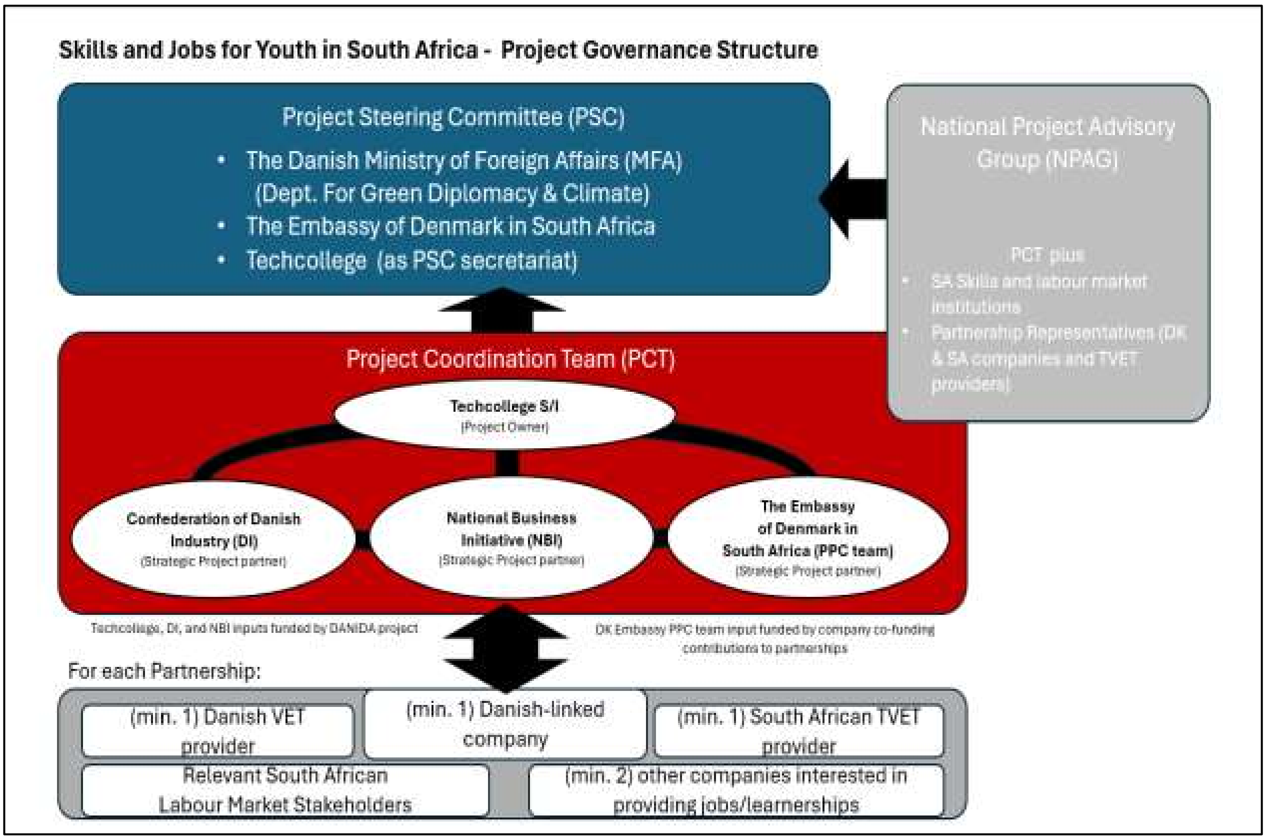
project's governance structure provides strategic oversight, quality assurance, and coordination through the Project Steering Committee and the National Project Advisory Group (see Figure 2 below).

The detailed division of roles and responsibilities will be included in the PCT operational MoU to be jointly developed and mutually signed by all PCT partners in November 2026.

2) Individual partnerships prepared by the PCT in collaboration with Danish-linked (and other) companies, and invited labour market stakeholders. Partnership participants (including also Danish and South African TVET providers), who will receive and use project funds will be contracted as sub-partners by Techcollege, or the disbursement of funds for some partnership participants may be included in the sub-partner contract for one or more PCT strategic partners, if considered expedient for operational efficiency.

For the foreseen division of roles and responsibilities among the partners in the PCT, see section 6: Implementation Strategy

Figure 2: Project Governance Structure



Strategic project management, incl. budget reallocations, revision of outcome and output targets, approval of partnerships for establishment, and continuous project progress evaluation is performed by the Project Steering Committee (PSC), which will meet twice annually (ordinary sessions) and additionally by mutual consent (special needs sessions).

Operational project management is performed by the Project Coordination Team (PCT), led by the assigned Techcollege (SA resident) Project Director and on the basis of the MoU mutually signed between the PCT participant partners (Project Owner and Strategic Partners) defining mutual and separate partner tasks and responsibilities.

Partnership management is performed in co-operation between the assigned representative(s) of each partnership (which is defined by the partnership participants but must include the lead DK-linked company of the partnership) and Techcollege or PCT participant partners on behalf of Techcollege.

The main external advisory function for the Project Steering Committee is established under the heading: "National Project Advisory Group (NPAG)", which consists of all PCT participants plus selected South African labour market stakeholders involved in one or more partnerships plus two (additional) representatives from each partnership: one company representative (South African or Danish-linked) and one TVET institution representative (South African).

2.3 Target groups for the project

A. *As recipients of vocational skills training and beneficiaries of job/learnership/internship opportunities created:*
   Young (Black[5]) South African women and men, aged 18-35, with *majority representation* of individuals currently underserved[6] by the South African education and labour market opportunities. The specifics of the target groups may vary for the different partnerships to be established, since they are subject to the specific requirements of the companies re. skills profiles and in which location employment offers can be provided. However, as a general project rule, suitable participation candidates that are women and/or residing in townships or rural areas should be prioritized for participation. The project applies as a target that min. 35% of all trained individuals should be women.

[5] Defined as per the South African Employment Equity act 55 of 1998 as Africans, Coloureds and Indians.

[6] We define "underserved" as individuals whose personal conditions, social background, or place of residence limits their realistic access to quality vocational training options and/or to formal employment options within the options that should formally be available in the South African education system and labour market.

Once the specifics are established for a partnership target group, individuals will be sourced, screened, and selected by the partnership and PCT to receive skills training and work placements.

B. *As initiators and lead partners of individual project partnerships, and beneficiaries from elimination of expressed specific skills gaps/shortages:*
Companies operating in South Africa representing Danish ownership, Danish products/services or other commercial interests who will benefit from the opportunity to address current and future expected skills gaps limiting their development and growth of operations in South Africa – through partnership co-operation with TVETs to design vocational skills profiles and programmes, allowing them to access newly skills-specific trained staff.

C. *As additional partners and contributors of input and employment opportunities within individual partnerships, and additional beneficiaries of access to skilled trainees in the project:*
South African private companies that form – or have the potential and expressed vision and ambition to become – part of the value chain(s) of the Danish-linked companies, who can contribute to and benefit from the project and partnership objectives; skills needs assessments, curricula development, company readiness training, and access to trained vocational staff.

D. *As additional partners and contributors of input to the PCT and individual partnerships, recipients of project capacity building efforts (see figure 1, activity APA 1 and APA 3), and beneficiaries of strengthened labour market social partner dialogue mechanisms established or pilot-tested:*
State, regional, and non-governmental stakeholders involved in labour market analysis, development/reform, and social partnership dialogue facilitation, who will benefit from access to accurate company-specified skills gap definitions – and from the partnership collaboration structures and new vocational training modules for alleviation of these skills gaps.

E. *As partners in individual partnerships, participants in new skills, training program development and training provision, as recipients of project capacity building efforts and equipment upgrading/purchase support (see figure 1, activity APA 2), and beneficiaries of established partnership structures and ownership of new, accredited training programmes at project expiry:*
South African TVET institutions taking part in the project, who will benefit from financial and partnership support for design, development, accreditation, and implementation of new vocational training modules that are supported and validated by various labour market stakeholders. These institutions get the opportunity for financed capacity-building, upskilling of trainers, attaining proper

equipment, guidance and support from selected Danish VET providers, preparing them to deliver new and accredited vocational programmes that are endorsed and trusted by the companies meant to employ from the pools of trainees that complete the training programmes.

2.4 Geographic coverage

The project coverage is national, and the project can establish activities in any province of South Africa. As with the target group, the geographic coverage is expected to be specified within each partnership established. There are two reasons for this: 1) The project should lead to the design and delivery of skills programmes that give participants 'the right skills at the right time and in the right place'[7], and 2) Since the outset for each partnership is an expressed skill gap/need from companies that provide commitments for employment pathways, the geographic coverage for sourcing participants and delivering employment opportunities is strictly defined by the needs of the involved companies.

Initial liaison and company dialogue will be concentrated in the Gauteng and the Western Cape provinces due to the highest concentration of Danish-linked company presence in these locations.

2.5 Project scope

As described in Annex E: Context Analysis, the project operates within a TVET system and educational framework in South Africa that is struggling under complex, rigid and in some respects outdated structures as well as – to some extent – underfunding. This TVET system and its complexities is in many cases perceived by businesses and students as unable to deliver adequately and relevantly skilled vocational specialists. TVET access is very unequally distributed nationally, with students/trainees in rural areas or provinces distinctly limited in terms of quality training opportunities and access to quality learnerships and jobs in the formal labour market. Similarly, companies establishing e.g. renewable energy projects in rural areas find it very difficult to source skilled employees locally, due to these geographic skills supply deficiencies.

[7] This ambition seeks to follow the suggestion from NBI's "Powering Futures: The Green Skilling Opportunity" (2023): "the skilling system must train a significant number of people in the skills demanded by the energy transition, *in the right locations, at the right scale, and particularly, with the right timing*" (p. 12).

Although a number of ambitious and forward-looking initiatives have been launched at system level within the last 10 years (e.g. PYEI[8], QCTO[9] qualifications, and the sector-specific JET[10] and JET SEP[11] initiatives for green transition) to bring the education sector closer to labour market needs, serious employment challenges persist, especially for young people, women and the socially and regionally disadvantaged, in a market characterized by "jobless growth" except for in a few thriving sectors. Furthermore, the job market remains less than transparent with many jobs never publicly advertised and poor structural mechanisms for matching available jobs to adequately skilled potential employees. Finally, social and financial constraints limit workforce mobility, leading to a situation where (as concluded by NBI in its "The Green Skilling Opportunity" report of 2023) it is necessary to think in terms of securing the availability of the right skills, in the right location, at the right time – in order to secure that (development project-based) jobs are filled with adequately skilled vocational staff.

Against this backdrop, it is beyond the scope of this Project to implement system-level change in terms of improving the general mechanics or function of the TVET system or labour market.

However, it is *within* the scope of the project to address *specific* skill gaps and shortages, starting from a company level, to secure a real demand and seeking recognition of the new skills training elements developed in the project through formal national accreditation. And meanwhile, through the piloting of a series of partnerships, to seek to foster a greater sense of cooperation and co-ownership among TVETs and the private sector in mutually designing, implementing and training participants in new and demand-driven vocational programmes and courses.

In terms of social impact, the scope will be to improve (through relevant TVET skills training provision) the employability and life prospects of the individual participants from the currently underserved primary target groups, and to ensure an optimal balance between the volume and scope/duration of training funded by the project to expand this impact to as many individuals as feasible (to the extent that employment upon training completion is likely and backed by company-demand) within the specific skills focus of each partnership included in the Project.

In short, the development aim of the project is multidimensional:

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[8] PYEI: Presidential Youth Employment Initiative
[9] Quality Council for Trades and Occupations
[10] JET: Just Energy Transition
[11] JET SEP: Just Energy Transition Skilling for Employment Programme

- The individual level: To support project participants (trainees) with access to demand-driven new vocational skills programmes and facilitation of plausible post-training employment pathways.
- The institutional level: To strengthen the capacity and facilities of involved South African TVET colleges, preparing them to deliver the project-developed new vocational skills programmes, and improving their resource and partnership basis for future responsiveness to private sector demands.
- The company level: To provide Danish-linked and other companies with improved access to (currently) hard-to-source skilled workers within specific skills profiles.
- The community level: Although partnership-specific, it is expected that the fundamental idea of designing programmes that deliver the 'the right skills in the right location and at the right time' means that the project is going to benefit some rural areas and poor communities that struggle from lacking access to quality TVET institutions and low volume of private investment. (The Mulilo/CIP partnership being one example of this, prioritizing Northern Cape matric students as the primary target group, leading to the availability of a more and better skilled workforce in a relatively poor province that potentially can prosper from the expansion of the Green Energy sector).
- The societal level: Albeit to a modest extent, the project takes steps to providing leading industries with the skills they need to continue to grow and invest in the South African economy. Thereby the project contributes to South Africa being an attractive investment destination for multinational businesses.

3 Background and context

3.1 Specific development problem(s) to be addressed by the project

As described in the Project Document, the overall development rationale for this engagement with South Africa as a middle-income country is the provision of support to tackling youth unemployment, poverty and inequality through meaningful job creation pathways for disadvantaged individuals, based on vocational skills training addressing real and specific skills needs in growth industries/employments sectors.

The problem issues outlined in this section, which constitute a summary of the detailed Context Analysis attached as Annex E, are by no means new, unknown or lacking attention. This project (as a pilot effort) will seek to provide a better and more efficient response than other national and foreign donor-supported measures by

- Building on and benefitting from close partner connections to specific Danish-linked companies in South Africa for more detailed and reliable descriptions of skills gaps/shortages, and better access to performing in-depth company-based skills needs analyses
- Setting up innovative private (company) and public (labour market stakeholders and TVET providers) partnerships based on Danish-inspired social partnership dialogue measures – for mutual skills needs validation and translation into new vocational skills training programmes (as add-ons or extensions to existing South African programmes or new training programmes/modules) and joint efforts to provide employment pathways for trainees completing training (with financial and logistics support from the project)
- Maintaining a full project duration focus on building local capacity and sustainability and anchoring ownership of all products developed and outcomes achieved with South African partners and within the South African education system and stakeholders in development of labour market structures and employment, with specific focus on Green Transition-related business sectors.

Key development problem issues:

The pervasive challenges of unemployment, poverty and inequality threatening social and societal cohesion in South Africa have two interlinked dimensions (see Annex E: Context Analysis, page 3):

- The South African economy does not generate enough new jobs to create sustainable employment opportunities for all, which leads to large regional, social and age- and gender-based inequalities in employment prospects (with the young, black, and rural area-based (as additive factors) among the most negatively affected) – and subsequently to widespread youth disillusionment and disengagement from formal labour market and society structures – which again feeds crime and black economy activities.
- The opportunities for young people in South Africa to obtain relevant and in-demand vocational skills through quality TVET institutions are limited, and especially so in rural areas far from the major urban centres of South Africa. Similarly, many TVET institutions struggle to provide updated and in-demand curricula that yield graduates who are appealing for the companies that are supposed to absorb them.
- Real, up-to-date workplace-based training or learnership opportunities are all but limited to a few growth regions, which further adds to inequality and inhibits social and geographic mobility of the young workforce.

Many vocational qualifications issued by the current TVET system are poorly regarded by the industry and in many cases perceived as outdated, irrelevant and of insufficient quality. This leads to a job market where positions are often filled from within known networks instead of through a transparent skills-based application process. This weakens the links between employers and jobseekers and limits the scope for collection of accurate labour market and employment data.
Structurally, more than 100 active labour programmes with little coordination (although linked to worthy government goals, strategies, and policies) spread across a wide landscape of institutional "owners", lead to a profound lack of overall coherence of effort and manifests itself in programme-level suboptimization and underperformance (see Context Analysis, page 4).
Additionally, social norms create strategic barriers for women re. attendance of training and maintaining employment. Women are especially vulnerable to safety risks, occupational segregation, and lack of flexible scheduling options and childcare support.
Finally, there is a lack of trusted platforms, forums, or intermediaries to facilitate the meeting of employers with skills needs and job-seekers possessing the skills in demand. This lead to an unfortunate lack of functioning supply and demand visibility, which could contribute to better distribution of employment.

In short, the development problem complex manifests itself in (mainly) a combination of financial, structural and co-operational deficiencies in need of reform or improvements. However, as concluded in the Context Analysis (pages 5-6), it is potentially possible to foster positive change by bringing the substantial resources of individual South African stakeholders better in play and improve inter-sectoral and inter-institutional trust and co-operation. And by basing efforts on employment sectors with actual growth potential.

To efficiently serve employer skills requirements and young trainees in need om employable skills, we believe the following positive change indicators must be targeted:

- The TVET system and individual TVET providers should be upskilled to interact more closely and professionally with growth-driving business sectors to establish mutual trust and improved responsiveness in their ability to design and adjust vocational profiles to changing or emerging skills needs.
- The structure of the TVET system should be reformed to accommodate faster and more flexible accreditation processes for new skills training programs and more flexible/individual stacking of

individual skills to achieve more specific yet formally recognised vocational skills profiles, which are defined by actual job profiles and requirements.

Note: This process is well underway with the introduction of recognised occupational profiles composed of individual QCTO-accredited, stackable skills modules, but more needs to be done to bridge the gap between this approach and the existing (heritage) VET qualification profiles, to ensure a uniform skills recognition system, which also transparently recognises workplace-based learning in various forms as valid steps towards a recognised TVET/occupational qualification.

- The distribution of TVET institutions (and their vocational specializations) throughout the regions of South Africa should be gradually remodelled to better reflect the future regional labour markets of each region, rather than traditional regional industries (often in decline).
- Communication between labour market stakeholders should be improved to gain and spread more accurate knowledge about skills needs, skills shortages, and skills/training discrepancies at the local, regional, and national (system) levels. Even though experiences from Denmark are not directly transferable to South Africa, experiences from DI-led TVET projects in other African countries show that inspiration can be found in the Danish model, although it does have to be adapted to take local circumstances into account. This requires incentives for dialogue and fostering mutual trust and recognition of each party's valid contributions to improvements of the status quo (which is a central ambition of this project).

Within this problem context, the specific development problem to be addressed by this project is the inability of current TVET in South Africa to identify and respond to emerging skills gaps/shortages experienced by leading companies in growth sectors with increasing employment potential - and to ensure the availability of skilled vocational specialists at the time and place of requirements by these growth industries to open and fill new job positions.

3.2 Factors underlying the development problem

South Africa is a powerful economy with significant resources and development potential – and is the recipient of the largest Danish investment volume of any country on the African continent.

However, South Africa is also a country of very unequal regional distribution of resources and facilities/investments for the growth sectors of tomorrow. While major urban centres attract trade and investment, most regions still depend on agriculture, natural resource extraction, and low-level industry and service provisions as their economic backbone. Outside the urban centres and resource hotspots, vocational training opportunities are basic, and the TVET system has little chance to prepare students for the levels of skills required by professional enterprise environments competing at competitive quality and efficiency levels. Students with no local access to good TVET providers in South Africa have a high risk of being left behind in terms of future-oriented skills acquisition, which leads to further limits on physical and social mobility, cementing the regional income and opportunity disparity[12]

The formal link between enterprises and vocational schools in South Africa remains weak, which results in little access to real company environments for vocational students until they gain learnerships – with the quality of that access again being dependent on the local selection of workplaces able to offer learnerships in the first place.

Generally, outside of the big cities, local communities lack access to quality vocational training, and the regional socio-economic inequality furthermore hinders many target group members in their ability to pursue training and workplace opportunities outside of their local or regional area, due to the lack of means for such mobility.

The societal problem behind the weak TVET system as described has its roots in the transformation of the South African economy from its traditional focus on primary sector employment (farming, natural resource extraction) and heavy industry (metal, chemical, processing of natural resources, and mechanicals/machinery production) to a stronger focus on services and renewable energy, for example. These highly localized and specific (often monopoly) sources of employment called for a large supply of a relatively low-skilled workforce with skills that changed little over time. The decline of many of these employment sectors – and the emergence of a much more varied and complex local labour market and fewer predictable jobs and skills profiles in many areas – have left traditional specialized, industry-connected TVET schools ill-prepared to serve the changing market demand, at the same time as the need for reskilling of employees shed by these declining industries has spiked. This means that it is often the same local areas, which have been hit by rising unemployment, outdated training offerings, and a general economic decline, negatively affecting prospects for the young and for lifting the education and labour market stakeholders out of financial decline.[13]

[12] GIZ ELMA report, 2024, section 2: Framework Conditions
[13] GIZ ELMA report, 2024, section 2.3.: Economic Development

With little in the way of mechanisms to disseminate leading in-company practices through the TVET system, it is almost impossible for schools to keep up with the technological and operational development of (leading) companies, and to prepare students for the skills required by these company environments.

Once a lack in the ability of schools to prepare students for workplace reality is perceived by (leading) enterprises, these tend to lose interest in TVET collaboration and often revert to establishing their own training resources, which tend to further limit experience-sharing, and thus contribute to the widening quality gap in vocational education between providers close to/affiliated with leading company environments and everyone else.

With school-level TVET governance, funding, and history often closely tied to traditional industries dominant in the local environment, schools are also often not well connected to emerging employers and business sectors (such as e.g. green energy), but are seen as proponents of yesterday's jobs, skills and local employment patterns.[14]

Since vocational education and training typically remains underfunded (especially in comparison with higher education in most countries) and seen as low prestige and leading to low-income jobs, schools are often unable to establish learning environments that match current company equipment and facility standards, which leads to lack of student exposure to relevant skills and work processes.

3.3 Opportunities and challenges for the project

Project opportunities

The biggest opportunity for the project lies in the coming together, alignment, close dialogue, and exchange of pilot experiences between Danish-linked companies in the South African market and the MFA development support framework (involving Danish and South African vocational training providers) – for identifying (vocational and soft) skills training priorities and solutions of real value to companies and target group trainees (participants) alike.

With these efforts, opportunities arise for strengthened and more agile TVET institutions, (re)gained trust between private industries and public TVET colleges, increased employability for participants, new

[14] GIZ ELMA report, 2024, section 4.2.3.1.: The Qualifications Issue

forms of cooperation in shaping the vocational profiles that can lead the future growth sectors in South Africa as well as both short- and medium-term expansion opportunities for the involved companies.

It is assumed that a strong Danish involvement in terms of resources, networks and know-how will enable a more in-depth and trust-based dialogue with companies regarding their skills profile needs and thus providing the project partnerships a thorough and shared understanding to serve as the starting point for vocational training programme design and delivery that can reliably increase the long-term employability of participants.

As it will be entirely up to the Project (through close dialogue with the participating companies) to identify for each partnership exactly how contributions of Danish TVET experience, workshop and quality practises, and technology access will best add relatively cost-efficient value or necessary expertise when held up against the current South African TVET framework, flexibility and creativity is crucial to serving the needs of the companies and finding smart ways for Danish and South African TVET providers to work together. To this end, the Project retains an open approach *to where, how much, and for which purpose* Danish inputs to skills development is applied in the various partnership to be included in the project.

The level of involvement for Danish VET providers may range from merely serving as advisors in training design (curricula development, training methods, workshop and/or equipment setup etc.) to conducting and supervising training at South African TVET institutions for extended periods of time, and in some cases hosting South African TVET management, instructors, and trainee cohorts in Denmark as means to reliably and sustainably transfer skills, methods, practices and know-how from esteemed Danish colleges to the partnership South African TVET institutions.

A predicted *maximum value-creating involvement* by Danish TVET experience would be the advent of a new TVET skills area (e.g. a specific green transition process design and implementation) already present in a Danish TVET program and facilitated by workshops designed for training of this process at Danish VET schools. In this case, the Danish VET provider could add value by hosting trainers in Denmark while simultaneously sharing curricula contents with observing South African TVET teachers and planning for training and workshop set-up in/transfer to South Africa for local embedding and capacity building.

At the other end of the scale, the *minimum* Danish TVET input could be limited to minor instruction of South African teachers in specific updated tools or workshop practises – or in curriculum development support/collaboration on the basis of the validated skills gaps – but in this scenario, the subsequent training will be fully conducted by the South African TVET school from the first cohort and onwards.

The same open approach applies to investigating the scope of the skills profiles to be designed and formally recognized within the South African educational framework. This may vary from single shorter QCTO-accredited occupational competence modules added to existing qualifications (which may be developed and accredited within a short timeframe) to entirely new TVET profile add-ons or a series of QCTO-modules to significantly expand or revise an existing South African TVET vocational profile (which may take up to a year to design and accredit).

In *our* interpretation of the financial and structural (on the national level) challenges underpinning the TVET development needs at institution level, TVET providers should be supported in developing selected skills profiles of particular (assessed) future relevance to its local area and for entering into pooling of resources with similar profile schools for e.g. joint equipment purchases and operation of joint workshops (with rotating access for vocational students from a larger regional environment). In addition, we see clever application of modern technology digital simulations of workshop equipment-costly skills and processes, and increased involvement of leading companies in skills needs definition and digital showcase production are options that should also be pursued. We will promote these considerations with South African TVET stakeholders in the project.

To obtain maximum value from the project, we also consider it essential that each partnership is carefully designed and closely monitored for learning value and extraction of experiences, and that this learning is shared across partnerships - to enable the project as a whole to continuously adapt and improve, and to collect learning outcomes towards the end of the project that can prepare for a potential scale-up/continuation of the project, and/or be of benefit to the MFA in similar projects in the future.

This puts a very central focus on the goodwill, alignment of strategic priorities, and ability to share and merge approaches and preferences required from all key stakeholders involved in both project and individual partnership design and management.

To conclude, we see the main opportunity of the project summarized in its planned *agility* of the public-private partnerships for training development and employment pathways creation set up. And in the status of the project as a pilot effort, open for realignment of focus and implementation measures along the way.

Additionally, we identify as a project strength its involvement of the Danish Embassy in South Africa, which is expected to enable in-person liaison and establishment of synergy with other current and/or planned Danish development and trade co-operation portfolio programmes, such as the Green Strategic Partnership (and its sub-programmes) and the Danida Green Business Partnerships.

Project challenges

We foresee a range of challenges, which must mutually and continuously command awareness from all project partners in the Project Coordination Team, and for which mutual mitigation strategies and actions must be applied. These include:

1) It may be a challenge to convince companies to commit the time, effort, employment incentives, and co-funding contribution, which the project setup relies on: The private sector companies are thought to play a role in many of the project processes, from identifying skills gaps and providing inputs on skills profiles definitions - to co-funding the Danish Embassy PCC team involvement in the project PCT, and providing employment or learnership/internship opportunities for trainees incl. stipend coverage.

2) It may prove difficult to reach the intended volume of participants that benefit from the project as individuals. This challenge is due primarily to the fact that the main goal of the project is not in the training itself, but in the job creation that results from the training. Partnerships rest on company (Danish and South African) commitments for creation of employment opportunities, thereby putting a ceiling on the volume of cohort sizes and the number of beneficiaries from the project.

3) It may be a challenge to smoothly reach mutual understandings and alignment among stakeholders (co-funding companies, NBI, DI, MFA as well as the Danish and South African training partners) to fairly and appropriately distribute funds to the various partnerships so that they lead to properly designed, well-run and industry-acknowledged vocational skills programmes.

4) It may prove difficult to continuously assess the job creation potential of new, potential partnerships against the required efforts (practical and financial). This entails to carefully consider (prior to partnership approval) the prospects (qualitative and quantitative) in the short, medium and long term as well as the positive side effects that should result from a given partnership.

5) It may prove complex to screen and ultimately involve South African TVET institutions that through the project support should become able to train for the rights skills at the right time and in the right place - and have the ability to continuously do this to a level that is satisfactory for the receiving companies, also after the end of the project.

6) It may prove challenging and resource-intensive to source, screen, select and provide support to target group participants - who must possess the motivation, personal stamina, required skills base, and mindset to complete the training and obtain the intended skills outcome to become a valuable learnership trainee or employee for the co-funding company (or other places of employment with similar requirements).
7) It may involve contradictory rationales to optimally design programs that at the same time:
    - are requested by companies and address the identified or emerging skills gaps
    - are attractive to the target groups
    - lead to sustainable, decent and inclusive employment pathways
    - realistically can be designed, accredited and implemented within the project period
    - Are neither too substantial in their contents nor too specific/narrow in their profile

   For each partnership it is essential to analyse the expressed skills shortages of the private Danish companies in a wider South African labour market context in order to identify and validate a skills profile that can be packaged to fit into the already complex TVET/QCTO system. These skills profiles then need to be translated into coherent and cost-efficient training solutions that make optimal use of Danish and South African TVET college resources, while also adhering to requirements of the South African NQF and/or QCTO to allow for a swift accreditation process that integrates the training programs the South African educational framework.

8) With accreditation – of the vocational programs to be developed from the project – being a central step in offering attractive and credible employment pathways for participants, a foreseen challenge lies in the bureaucratic and slow processing from official bodies, which may hinder or at least set back the project actions. To reduce risks, we rely on the knowledge, experience and networks of NBI who have previously and successfully secured training programme accreditation.

9) It will likely be a challenge to ensure (or positively affect) that learnerships/internships and jobs *entered* by the trained participants translate into sustainable employment. Several factors outside the direct control of the programme may influence this ratio:
    - The commercial development of South African market sectors, influencing hiring and job security with companies receiving trained students/participants from the Programme
    - The successful reversal of current market disincentives for trainees to convert (levy-supported) learnerships into actual employment at (lower) starter salary levels.
    - The positive development of policy incentives and compliance measures for companies to take on new employees on actual employment contracts.

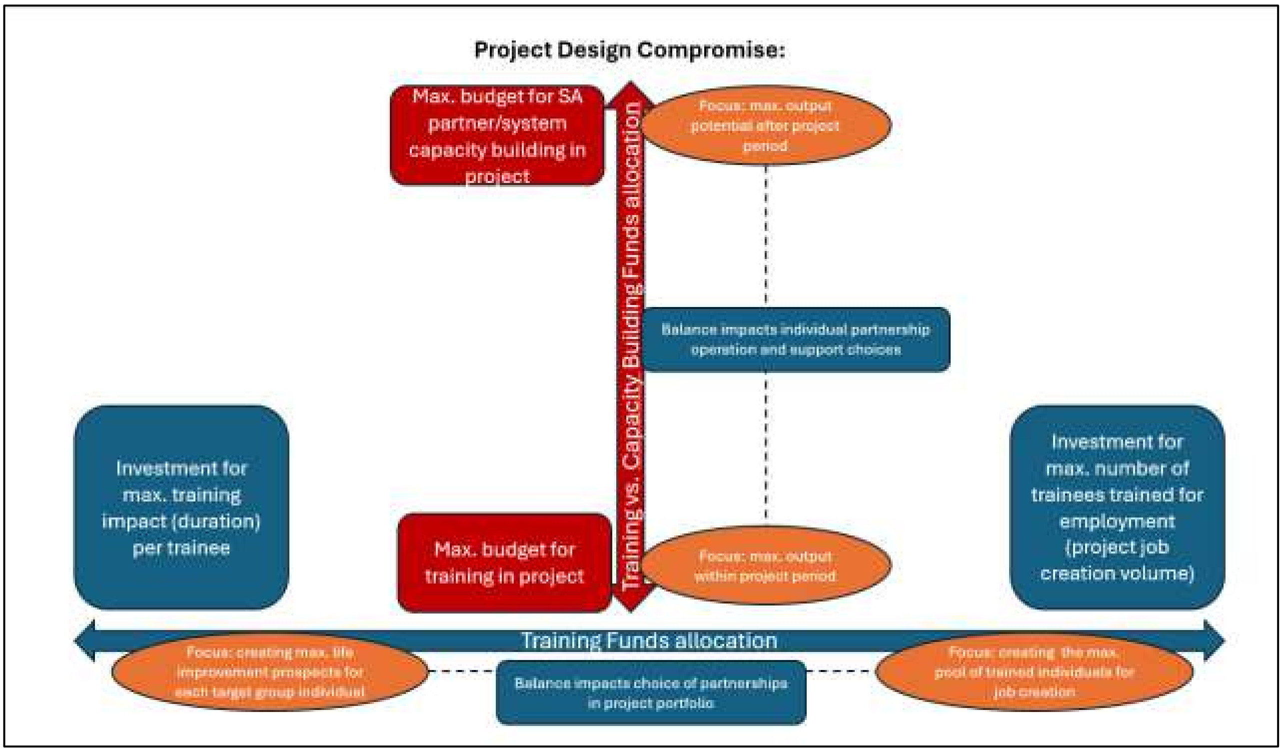
10) Finally, we see a built-in challenge in the project design, which will require continuous attention by the Project Steering Committee, to ensure that the overall priorities for operational project management by Techcollege and the PCT are clearly decided, aligned and communicated. The challenge is that the project at political and ownership level represents a compromise between investment (and consequently, output scope) within two dimensions, where various stakeholders may view the ideal balance differently:

   a) a continuum (axis) between target no. of individuals trained (to create volume for achievement of an employment target) and the extent/duration of training the project can afford to allocate to each trainee on average, which represents the "skills lift" the program can realistically provide for each average student. This, in turn means how much of the company-required skills profile must already be present with the trainee prior to project-funded training and impacts how difficult it may be to identify potential trainees within the boundaries of the target group definition.
   b) A continuum (axis) between investment in training provision (i.e. throughput and potentially employment volume within the project period) and investment in localization and capacity building for maximum potential for *subsequent post-project* training and employment potential)

As illustrated by Figure 3, (below) the project objectives are manyfold and include in-project training outputs, as well as long-term capacity building, new forms of cooperation, lasting relations to the private sector, and accredited skills programmes that have longevity, leading to a stronger and more trusted TVET sector with the ability to better supply a skilled workforce that can contribute to the South African economy.

We believe that individual and mutual stakeholder understanding of the optimal project focus along the two axes shown may change during the pilot process, and that it will therefore be essential to pursue Steering Committee clarity and consensus on the compromise targets as project experiences evolve.

Figure 3: Project design compromise illustrated



4 Rationale and justification

4.1 Main contextual factors justifying the project and responsiveness to target group priorities

The project responds directly to several significant and pervasive society-level issues in South Africa; youth unemployment, social mobility through sustainable employment, regional and social inequality, skills shortages in the current workforce, as well as the TVET sector's responsiveness to the changing skills needs of growth sectors.

The project lends a hand to a structurally underserved target group while serving the real interests of companies in directly addressing their needs for a skilled workforce. If companies cannot source the vocational skills they need (at the right time and place), business growth is inhibited, and the attractiveness of South Africa as an investment destination is unnecessarily reduced. Danish companies operating in South Africa are currently affected by this as well as the local businesses within the same value chains. By addressing these skills shortages through the development of demand-driven, company-confirmed training, the project not only creates employment opportunities for the target group but also helps to secure the skills base required to sustain and attract continued investment in important sectors for the future growth of the South African economy.

Although the project and its individual partnerships cannot hope to solve society-level problems, the project may identify new pathways to widen access to relevant, leading business demand-driven vocational skills (plus employment-supporting soft skills) training opportunities for its identified target group – through training program design and capacity building of South African TVET providers on the basis of strengthened industry dialogue, and simultaneously provide the involved companies with new tools and understandings to better engage in work-integrated learning processes (through 'company readiness training', inspired by the Danish model for social partnership dialogue). This allows the companies to get more value out of their learners/trainees and increases the likelihood that work-integrated learning translates into sustained, quality employment.

We consider the project as a multi-faceted approach and pilot experiment of how to combine expressed industry demand, quality vocational training, careful participant selection, and close industry dialogue in order to design skills programmes that supply valuable skills to important growth sectors, while providing social mobility opportunities in the form of employment pathways to participants.

As such, the project matches and advances Danish development priorities and strengths (see Context Analysis section 1, page 4 and section 2, page 7 and Project Document, section 4: Rationale) by operationalizing the ambition to integrate development cooperation and economic development, as per the current Danish strategy for development cooperation: "A Changing World – Partnerships in Development".

In addition, by targeting poverty and inequality issues through training and employment pathway measures, the project aligns with the South African National Skills Development Plan 2030, the Just Energy Transition agenda, the Skills Development Act, the PYEI – Presidential Youth Employment Intervention etc.

Also, the proposed approach leverages the Danish (Social Partnership Dialogue) Model, which the Confederation of Danish Industries has experience in implementing from other African nations, e.g. Tanzania. These cases have shown that active employer engagement throughout the skills development process significantly increased employment outcomes. Rather than only involving the companies in identifying the skills shortages but additionally having them contribute to curriculum development and work-integrated learning, entails a deeper employer ownership and have shown to result in higher transition rates from training to employment, while also tightening the bond and collaboration between the companies and the TVET institutions from which they ideally source their employee pipeline.

Building on these experiences, the project places industry at the centre of the partnership model, seeking their involvement and inputs throughout the project lifecycle.

To accommodate and reach the project target group priorities (i.e., “serve the underserved”), the project involves separate funding for student logistics, transport and additional support to secure that the training offered is accessible and realistic for every target group participant. This facility also extends to supplementing trainee stipends during learnerships/internships if required for realistic uptake of the opportunity by the individual trainee.

4.2 Considerations on lessons learnt from previous interventions or other relevant experience

CIP is a majority stakeholder of the South African renewable energy provider ‘Mulilo’ and was a driving force in the conceptualisation of the *Mulilo Danish Vocational Program* (MDVP), which in 2025 and 2026 has sent cohorts of students from the Northern Cape province to Denmark to undergo vocational training spread across three vocational tracks:

- Agriculture (Dalum)
- Maintenance Technology (Techcollege)
- Composite Technology (Techcollege)

The agriculture students receive four months of training at AgriSkills in South Africa before they arrive at Dalum to receive an additional eight months of training. They are then placed in internships at Danish farms for 14 months and are expected to be very sought after once they return to South Africa.

The technical students receive approximately nine months of training at Techcollege (primarily vocational but also including ‘soft skills’ courses on personal development and professional presentation skills in the module *Personal Growth and Leadership*).

All MDVP students receive a formal Danish certificate once they complete their training. However, students have expressed difficulties in convincing potential employers of their skills, since the Danish certificate is not immediately translatable to the South African educational framework, which also limits their options to use the certifications as stepping stones to further education.

Therefore, in late 2025 Mulilo began an accreditation process supported by the esteemed institution SARETEC to have the Danish training inputs acknowledged within South Africa. Additionally, Mulilo paid for the students to complete various safety modules at SARETEC as a measure to increase the employability of the students. Further, Mulilo has offered learnerships to 8 out of 17 students from the first Techcollege-trained cohort and is supporting the remaining 9 students in their efforts to find decent employment wherein they can apply their acquired vocational skills.

Having piloted the MDVP provides us with valuable lessons for the continuous development of the program and for application to the Skills and Jobs for Youth in South Africa project. These include:

1) First and foremost, Danish expertise in vocational education and training is sought after and can bring insights and immediate value to the task at hand, drawing on many years of experience in close cooperation between VET schools and the companies recruiting from the pool of VET school graduates.
2) The MDVP was initially a training program that was 100% conducted in Denmark. It is now being re-shaped to include training modules at SARETEC, since we have seen that a Danish accredited certificate (for 38 weeks of training) is not in itself particularly convincing to potential employers.
   - ➔ South African accreditation of the program is underway.
   - ➔ Future cohorts will receive a Danish and South African dual diploma (from Techcollege and SARETEC).
   - ➔ Any program that is forged out of a project partnership must be accredited and officially recognised in the South African educational system and framework. This is to the benefit of the students/participants, giving them acknowledged credentials.
3) Participants do not necessarily possess the abilities or the means to land meaningful employment (without proper support and guidance).
   - ➔ Any partnership programme should seriously consider adding 'soft skills' modules as additions to the technical / vocational training modules.
   - ➔ Many students benefit from learning basic IT skills, guidance on how to write a job application and how to structure a CV etc.
   - Graduates (typically) do not have the means to uproot their life and seek employment far from home. Therefore, students should ideally be sourced from the areas where the employment pathways are likely to arise or provided with additional (project) support to facilitate their move and settlement in another location where an employment opportunity exists.
4) It is not sufficient to provide students with training and skills that are relevant to growth sectors.
   - ➔ All training programs should ideally include extended periods of work-integrated learning alongside or following immediately after the TVET institutional training (e.g. as in-company learnerships), giving participants real-world practical experience and applicable workplace skills.

- ➔ We expect that firm employment/learnership prospects are also going to greatly motivate and incentivize participants to pursue excellence throughout their training process and lead to better skilled and dedicated future employees.

5) In the case of Mulilo (CIP), the 'main company' cannot provide learnerships/jobs to a great number of students on a yearly basis.
   - ➔ For each partnership, the Danish-linked company's ability to commit to employing learners must be openly discussed early on. Depending on the limits to these commitments, it is likely essential to mobilize additional (Danish-linked, South African or other foreign investor-owned) companies from the relevant cross- and sub-sector(s) to validate the skills profile and to give further commitments for providing employment pathways.

For the investment in vocational training provision to translate into real, skills-relevant job opportunities for participants after training completion, our MDVP experience at Techcollege has shown that it is imperative to *additionally*

- Foster a sense of co-ownership of the vocational training program through in-depth and continuous involvement of companies and targeted business sectors in the identification of relevant key training elements.
- Increase incentives for participants to pursue excellence in the training process through firm offers of employment or learnerships to training program participants, either directly by the DK investor companies or via a broader coalition of companies at the leading edge of developing business sectors.
- Firmly anchor any training as add-ons to – or integrated elements in - vocational/technical programs already NQF and/or QCTO standardized and accredited in the South African education system. We have learned that 9 months of training in Denmark does not necessarily lead to employment opportunities if this training is not translatable to South African standards. Therefore, we suggest to primarily regard training delivered in Denmark as *additional* and *value-adding* components to recognized South African programs or courses. And, furthermore, to include training in Denmark only for company-requested skills that are not already addressed in the existing South African TVET offerings and their NQF-based curricula.
- Focus on the dissemination potential (through scaling or replication) of experiences generated by the Programme and its piloted skills development and job creation pathways. This aim should be pursued through the planned involvement of the relevant business sectors, as well as South African TVET partners and TVET accreditation stakeholders. South African institutions able to introduce

Programme experiences as inspiration at sector level must be fully included in monitoring results and experiences gained from the Programme.

At Techcollege, we generally see a rationale for Danish inputs to the training and skills development process as value adding and cost efficient where this input is focused on

1) Workshop training using facilities and/or equipment not available at TVET institutions in South Africa, and where investment in establishment of such facilities/purchase of similar equipment and training of trainers for its operation ad training application is not a viable strategy in the short term and for the volume of training to be covered by the Programme
2) Workshop training in specialised skills not generally represented at TVET institutions in South Africa and where, as a result, an urgent skills gap currently exists for the involved South African companies/ key business sectors
3) Providing participants with exposure to Danish/European workshop practise and workplace professional standards re. teamwork, team-based responsibility for quality and efficiency, personal accountability and responsibility, continuous process improvement and innovation focus, punctuality and orderly workshop operation, as well as digital documentation of work and workshop practise
4) Providing participants with an international outlook and increasing their excellence benchmarks, both in terms of vocational performance and personal impact as role models and change agents/sources of inspiration for future colleagues as well as their home communities.
5) Personal social mobility aspirations and inspiration on taking charge of one's own life planning and embracing an entrepreneurial mindset.

From our experience in other public-private partnership projects (EU-funded and implemented in various European contexts), we agree with the statement on page 6 in the Context Analysis that company participation (in public-private partnerships) should preferably be based on sound commercial incentives, rather than philanthropy to ensure sustainability of engagement – also beyond the project period. Facilitating such company involvement conditions will likely increase the long-term value of the partnerships for the South African TVET and labour market stakeholders.

4.3 Relevance of the project to the partner's core mandate and strategic priorities

For **Techcollege S/I**, the project and our participation herein acting as the project owner and lead implementing partner (and possibly as training advisor and provider in one or more of the upcoming Industry-TVET partnerships) is well aligned with our ambition and strategy to expand our international footprint while continuously developing a training environment and staff that is internationally experienced and oriented.

Project participation will provide us with valuable Danish Development Aid policy and implementation mechanisms experience and provide an opportunity for a portion of our staff to apply their knowledge, skills and teaching methods in an international context and learn from it – which is something that we already encourage trainers to seek, primarily through our involvement in the Erasmus+ programme.

The strategic objective of Techcollege in the project is to bring to the table our experience within vocational education and training programme design, delivery, quality assurance, and industry dialogue in a Danish/European context (incl. experience in company engagement for establishment of learnerships and other apprentice solutions) – for application where and to the extent it is deemed valuable and cost efficient by the key project stakeholders. Techcollege is keen to contribute to capacity building of TVET partners in South Africa and to facilitate the gradual transfer of any initial Danish-supplied training inputs within the project/partnerships to eventual autonomous delivery by the involved South African TVET partner schools.

See our thoughts and considerations at the present application stage re. pre-launch project design and management planning in Section 8: Project Management, Monitoring, and Reporting.

For **The Confederation of Danish Industry (DI),** co-ownership of the private sector engagement aspects is a direct extension of DI's core mandate of representing Danish companies internationally – and of DI's established TVET partnership model, applied in development projects across a number of countries: working with a local business organization partner to link demand-driven skills development to the value chains of Danish companies. DI's strategic interest lies in strengthening the framework conditions for Danish companies in South Africa – including the availability of relevantly skilled labour in their value chains – while building the capacity of local business organizations to sustain company engagement in TVET beyond the project period.

This will create value for Danish companies, and experience from other similar TVET intervention projects show that these also create job opportunities for young people participating in the programme. Among the Danish companies consulted are Maersk, FLSmidth and AVK, alongside local South African companies from (or with the potential to enter) their value chains.

For **NBI (National Business Initiative),** the project aligns directly with its mandate to mobilise business leadership for inclusive and sustainable socio-economic growth. As a coalition of South African and multinational companies working for inclusive growth and a just transition – including its documented work on green skills (cf. NBI's "The Green Skilling Opportunity" report, 2023), the NBI implements collective action on the ground, tackles systemic challenges, and builds business capacity as an enabler through tools, training and dialogue. The Economic Inclusion Unit, working directly on this project, designs and delivers scalable demand-led skilling solutions that accelerate the transition of South African youth – and particularly women – into income-earning opportunities through employment, self-employment, and entrepreneurship. Working in partnership with business, government, including the Department of Higher Education and Training (DHET), and development partners, the Unit strengthens demand-led skills development systems and supports the growth of township-based Micro, Small and Medium Enterprises (MSMEs) with job creation potential. This work is implemented through Technical and Vocational Education and Training (TVET) colleges and local ecosystem partners incorporating effective wrap around support in targeted communities across South Africa, creating pathways to inclusive economic participation and institutionalization.

NBI's roles in company mobilization, delivery of learnership practice training to member companies, and monitoring of graduate employment outcomes build on its established member outreach and labour market analysis capacity – and constitute institutional capacity building that remains with the South African business community after project completion.

4.4 Considerations regarding the aid effectiveness agenda including coordination with similar initiatives and/or coordination mechanisms and alignment to national priorities

The project is designed to align with South Africa's own skills development priorities and systems rather than to create parallel structures. New training modules are developed for accreditation within the existing QCTO and NQF frameworks, ensuring national recognition and enabling South African institutions to hopefully sustain and scale the training beyond the Programme period. The demand-driven, employer-led approach is consistent with South Africa's own shift towards occupational qualifications and closer industry–TVET collaboration.

Consistent with the principle of local ownership, private sector engagement is anchored in the National Business Initiative (NBI) and other South African business organisations, so that company mobilisation, learnership practice training and employment monitoring capacities remain within the South African business community after the project ends. This mirrors DI's established TVET partnership model applied in other Danida-supported programmes and builds on the previous experiences with TVET programmes in South Africa. In addition, DI is currently supporting local companies in South Africa with tools to increase energy efficiency and reduce carbon emissions while also introducing companies to Danish solutions towards these ends. Combining this with training programmes for staff to implement solutions provides a potential for further and more efficient uptake of new technological solutions.

5 Theory of change and results framework

5.1 Explanation on how the project intends to contribute to its objective and achieve its results

Theory of Change narrative (change pathway)

The following narrative constitutes an expanded change pathway description, based on the (shorter) version included in the project document (section 5, page 12). The narrative is based on the three "value chain" activity stages of the project, as shown in Figure 1 (page 7): Skills Gaps, New Vocational Training, and Job Creation, broadly corresponding to the four project Outcomes as listed in the Project document:

1) Industry-led skills partnerships are established
2) Vocational training programs are designed, accredited and delivered (through cooperation of Danish and South African TVET institutions)
3) Target group participants complete training and move into paid and extensive work-integrated learning placements, learnerships or jobs.
4) Learnings are collected and documented to allow for improvements, anchoring and possible scaleup.

<u>Stage 1: Skills Gaps (Project document Outcome 1)</u>

If a Danish-linked company in South Africa submits a request for project (partnership) participation on its own account or by responding positively to an approach/project introduction from the Danish Embassy or the project PCT partners, **and** the company and project (PCT) representatives through a mutual initial skills gap analysis dialogue are able to establish that the company experiences a current or foreseen vocational skills gap or skills availability shortage that prevents/will prevent the company from launching or filling a number of job positions with a specific skills profile, **then** the project will have identified a company-based (i.e. industry-driven) skills demand signal on which to base further investigations of the potential for basing a project partnership on the established skills gap/shortage.

If the company is also willing to engage in such a partnership and enter a MoU with the project PCT to this end, **and** the company will provide a statement of intent for provision of a specified number of (decent and inclusive terms) job, learnership, and/or internship opportunities at a specified time(frame) and location, **then** the company will be qualified to enter a project partnership as the skills profile defining lead partner of that partnership.

If the need for/shortage of the identified vocational skills profile is confirmed to the PCT by at least two other companies, identified by the PCT or the Danish-linked company (from within its network or business sub-sector, **and** these companies are also willing to enter the proposed skills profile development partnership by providing similar (to the above) statements of intent for provision of a specified number of decent and inclusive job, learnership, and/or internship opportunities, **and** at least one national-level South African labour market stakeholder convened by the NBI for the PCT can confirm the assessed wider employment potential of the proposed vocational skills profile to be developed, **then** the identified skills gap can be considered validated beyond the demand of a single employer, **so that** the project may propose the skills profile as the subject of a partnership on the assumption that there is a credible demand for this profile and a labour market with potential to absorb trained graduates, and a defensible case for national accreditation of training to alleviate the identified skills gap.

If at least one competent and appropriately equipped South African vocational training institution shows the interest and institutional readiness to participate in a partnership with the above participants to develop, accredit, and deliver training for the skills profile in question, **then** the project will bring these partners (i.e. company skills-defining partners, a labour market skills-validating partner, and the training developer/provider partner) together **so that** a vocational training programme can be mutually drafted, and positioned as an expansion, addition, or new entity within the current accredited TVET programme or QCTO occupational skills module landscape. **If** the project can then identify a Danish VET provider, who is interested in participating in the partnership and is assessed by the PCT to possess the necessary skills and capacity to contribute the required knowledge and training elements not already present at the South African TVET institution, **then** the project is able to present a partnership proposal to the Project Steering Committee for approval and signature.

Stage 2: New Vocational Training (Project document Outcome 2)

If the launch of the partnership is approved by the Steering Committee**, then** the project can contract all funding recipients in the partnership as sub-partners and release funding for training programme development, accreditation and training provision, as well as institutional capacity building.

If an in-depth skills needs analysis performed jointly by the partnership and the PCT specifies which competencies are needed, where and in what volume, and **if** Techcollege (with PCT partners) is able to convert the validated skills gap into a coherent training programme, and **if** this training programme is successfully specified into a curriculum by the South African and Danish vocational training institutions with Techcollege assistance, **then** programme content reflects what employers actually require and where they require it, **so that** trained graduates will hold competencies that employers are likely to recognize.

If NBI and Techcollege secure the required accreditation of the training programme and of its provider within the South African quality assurance system, so that the resulting qualification or part-qualification is recognised on the National Qualifications Framework, and **if** South African TVET provider trainers are upskilled or supported by Danish VET school trainers for initial training delivery until local trainers are able to deliver the full curriculum contents **and** the South African TVET provider receives equipment, facility, and materials upgrades to the standards required for curriculum tuition, **then** the programme is both formally recognized and deliverable at quality by a South African TVET provider, **so that** participants earn a portable qualification and the college retains the capacity to run the programme also after project expiry.

If the Embassy PPC unit promotes the programme and PCT partners (in cooperation with the South African TVET provider and the partnership participants) are able to reach, screen, select, and enrol the planned number (minimum and maximum range) of project target group students with the required entry skills base to establish a training cohort for the vocational skills programme, **and** identify and agree for each student the support measures required to ensure safe and realistic training participation, **then** the project will be able to launch the training cohort with participants that are likely to be able and motivated to complete the training **so that** the volume of training graduates should become as close as possible to the number of individuals available for employment post-training.

Stage 3: Job creation (Project document Outcome 3)

If the trainees complete the programme and the training provision and (vocational and any included personal) skills acquired match the quality intended by the project and programme design, **and** the partnership participant companies honour their previously stated employment, learnership, and internship provision intentions, **and** the project is able to successfully match interested graduates with the type, timing, conditions, and location of the company offers (including the provision of possible stipend addition support by the project if necessary), **and** recipient companies attend company readiness training provided by DI and NBI, **then** the project will have successfully placed (part of) the graduate cohort in structured and supervised employment or employment-potential placements with well-prepared companies through the project-designated Employment Pathway 1 (the three Employment Pathways are defined in section 6), and graduates will receive both technical and workplace competence **so that** the perceived risk of hiring an inexperienced graduate falls and graduates are more likely to transition into permanent employment with the company in question.

If PCT partners or partnership companies successfully organizes matchup meetings between other employers and remaining cohort graduates, **and** NBI mobilizes its existing SME communities (project Employment Pathway 2) **and** advertises self-employment/entrepreneur support workshops and process facilitation (project Employment Pathway 3), **and** matches can be made or facilitated by NBI between employers offering decent and inclusive employment, learnership or internship opportunities and graduates ready to accept these opportunities, or graduates accept an NBI-supervised self-employment business case opportunity with project start-up support, **then** a significant part of remaining graduates should be successfully placed in employment pathways, meeting the project training to job transition targets.

<u>Additional project activities for outcome sustainability (Project document Outcome 4)</u>

If employer feedback and tracer studies conducted six months after cohort training completion, and implementation experience is captured systematically across individual partnerships, **then** the project can identify which elements of the partnerships model that are functioning well, and correct those that are not while the project is still running and document the model in a form others can use, **so that** the approach does not end with the partnerships once project funding ends.

If that documented model is anchored with South African institutions and networks, including NBI, the National Project Advisory Group, the Presidential Youth Employment Intervention, SSACI, SEIFSA and Afrika Tikkun, **then** the knowledge sits with actors who remain after the project ends and who have their own reasons to use it, **so that** the model can be replicated by others, extended or topped-up, and the responsiveness of the wider South African skills development system is strengthened.

Taken together, these four stages/outcomes are expected to demonstrate a scalable model for industry-led TVET collaboration, **so that** the project contributes to sustainable and inclusive employment creation in the sectors that carry South Africa's Just Energy Transition.

5.2 Key assumptions for the intended change process to happen

1) Leading Danish-linked companies are actually able to identify current and foreseen skills gaps inhibiting employment potential and growth - and are willing to engage with the project, provide inputs, state intentions for employment of participants, and possibly co-funding.
2) Labour market stakeholder validation of identified skills gaps/shortages as reported by companies (min. 1 Danish-linked and min. two other companies) is reliable and delivered as honest "best estimates", unbiased by special interests.
3) South African TVET provider institutions are willing and able to enter into project partnerships, co-design new vocational skills training modules/programmes, and prioritize resources (staff and space) for this cooperation.
4) It is possible to obtain the required accreditation of training programmes and of their providers within the South African quality assurance system, in which the Quality Council for Trades and Occupations (QCTO) and the Sector Education and Training Authorities (SETAs) each act within their respective mandates (in the proposed form adding to, extending or supplementing existing vocational training programmes, courses or occupational competency modules) within a reasonable timeframe in order to make sure that the resulting qualifications or part-qualifications are formally recognised on the National Qualifications Framework (NQF) for the benefit and security of the trainees.
5) Training delivered (partly) in Denmark can be acknowledged and accredited within the South African educational context (expectedly only relevant and necessary for the CIP/Mulilo partnership).
6) There is a workable overlap between location of employment opportunities pledged by companies or indicated by labour market validation, location of a suitable South African TVET provider for partnership participation, and the local presence, availability, and participation interest of a sufficient number of suitable target group individuals for training and prospective (local) employment.
7) Labour demand in the target sectors and locations continues to evolve broadly as projected.
8) The project requirements re. decent and inclusive (terms of) employment, learnerships or internships do not scare away employers or prevent successful project facilitation of employer-graduate matching.

9) The listed South African recipients of documented project model outcomes and experiences are willing and able to adopt the documentation transferred and apply its learning value to existing and future development initiatives in South Africa.

5.3 Considerations on sustainability of results and exit

Sustainability is expected to be achieved through a combination of measures and efforts:

- All co-designed curricula are demand driven, accredited, and related to sectors projected to expand. These curricula will remain accredited and still be offered and taught once the project closes. Through capacity building, upgrading equipment for partnering TVET institutions, and upskilling of the TVET trainers, colleges will be left stronger, capable to continue providing quality vocational training, and with a track record of working closely and successfully with major private sector companies.
- Gradually reducing the Danish footprint in training delivery indicates successful capacity building for post-Programme sustainability of training elements development
- Building relations between the TVET institutions and companies involved in the partnership form a foundation for continuous collaboration in designing demand driven vocational programmes and courses
- The Company Readiness Training facilitated by DI and conducted by NBI leaves the involved companies with new insights and increased encouragement to benefit from work-integrated learning placements.
- Individuals who complete training receive a formally recognised certification and possess a labour market validated skills profile as well as valuable extended work-integrated learning experience, leaving them with formidable credentials that give the highest possible chances of landing sustainable employment.
- Having 'training for the right skills in the right location and at the right time' as a constantly resonating principle to guide the project throughout its processes is thought to ensure that the pursued employment creation outcomes are backed not only by labour market validation but also supported by proper analysis.
- The project efforts will continuously be monitored and evaluated. Tracer studies will be done to track whether target group participants transition into employment and if they are still employed 6-12 months after completing their training. If these show positive results, it should be seen as an indication that the acquired skills are relevant and useful to convert into sustainable

employment. If these evaluations give reason for concern, i.e. do not pass the ambitions laid out in the results framework, project stakeholders should convene and agree on intervening actions to improve the setup for lasting and sustainable impact.

- Having NBI as an important sub-partner and connecting the project to other South African initiatives and organizations such as the Presidential Youth Employment Intervention, SSACI, AfrikaTikkun, and SEIFSA, ensures that the knowledge generated from the project efforts remains and can be drawn on in future work.

5.4 Considerations re. project beneficiaries

The project approach (as per the Context Analysis page 6) is that participating Danish-owned or Danish-linked companies should not be regarded (or approached as) project beneficiaries, but as voluntary development process participants, enlisted on commercial win-win terms.

This means that the project focuses exclusively on South Africa based and owned entities and South African citizens as project beneficiaries. By "beneficiaries" we mean recipients of project funds for disbursement in South Africa or recipients of post-project ownership of training products developed and capacity building measures implemented during the project.

See Section 2.3. for a description of the identified project target groups and their respective intended benefits from project participation.

Note that, as a direct consequence of the above, the project must present to Danish-owned/Danish-linked companies a sufficiently compelling case for business growth through improved availability of the identified vocational skills required but not currently available. This in order to establish a win-win scenario for the company in contributing resources, possible co-funding and employment opportunity provision intentions, in return for the opportunity to define partnership skills training focus, lead the partnership, and participate in selection and monitoring of trainees before, during, and after project-funded training.

5.5 A summary of the results framework

The project **objective** is to

"create decent and inclusive jobs and employment through industry-driven skills development and workforce partnerships in South Africa"

with the **impact indicators** of objective achievement that

- Min. 400 young, disadvantaged South Africans[15] (of which min. 35% must be women) are in decent and inclusive employment[16] 6 months after training completion in the project, as registered by follow-up tracer surveys, employer and partner placement records.
- The project-established partnership model is sustained or replicated beyond the Danish contribution (through company-funded continuation, levy-grant or SETA financing, or replication by others), as evidenced by documented continuation or replication in at least three partnerships, and a scale-up or top-up case prepared and endorsed by the Steering Committee.

The project includes **four expected outcomes:**

Outcome 1: Industry-led skills partnerships are established and operating.

Companies, South African and Danish vocational training providers and labour-market institutions form demand-led partnerships with a documented intent to hire interns in jobs or paid learnerships/internships.

Indicators of outcome achievement:

- Min. 5 active multi-party skills partnerships are established and operating under signed agreements that state an intent to hire interns or people in jobs.
- Min. 300 job or learnership positions signalled by companies across active partnerships (registered as commitments in partnership agreements; and subsequently verified against placements).

For achievement of Outcome 1, the project will produce two Outputs (1.1. and 1.2.)

Output 1.1.: Employer skills demand identified through Skills Need Analysis, verified and aggregated across companies and growth sectors (renewable energy, logistics and shipping, water, life sciences, agriculture).

Indicator of output generation:

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[15] As per the project target group definition included in Section 2.3.
[16] Jobs, or paid learnerships/internships as defined by the project

- Min. 20 companies have had scarce-skills demand documented through a verified Skills Need Analysis and aggregated into the cross-sector demand picture.

Output 1.2.: Multi-party partnership agreements signed, each carrying job or learnership commitments.

Indicator of output generation:

- Min. 5 standardised multi-party partnership agreements concluded, each specifying job or learnership commitments and confining grant funds to development-additional components.

Outcome 2: Accredited delivery by South African TVET institutions

South African vocational training institutions deliver new, accredited, employer-validated training and gain the capacity to design and run it independently, reducing reliance on overseas delivery.

Indicators of outcome achievement:

- Min. 5 South African TVET institutions delivering new accredited training elements.
- Min. 5 South African TVET institutions strengthened to independently run the project's programs after project end, achieved through capacity building via project funds and efforts

For achievement of Outcome 2, the project will produce two Outputs (2.1. and 2.2.)

Output 2.1.: New vocational training elements designed and accredited (QCTO occupational modules and/or NQF), with curricula and materials.

Indicator of output generation:

- Min. 5 new developed and QCTO or NQF accredited training elements with curricula and materials developed.

Output 2.2.: Capacity-development plans for South African institutions agreed and progressing, including Danish-South African trainer exchange and knowledge-sharing.

Indicator of output generation:

- Min. 5 South African TVET partner institutions with an agreed and financed project specific capacity-development plan under implementation, including trainer exchange. (registered as signed capacity-transfer plans; trainer-exchange and training records).

Outcome 3: Completion and transition into decent work

Disadvantaged young South Africans complete training and move into decent employment. Priority-group trainees transition from training into jobs or paid learnerships.

Indicators of outcome achievement:

- Min. 500 target group individuals (of which min. 35% are women) are submitted to - and undergo - project-developed skills programmes and receive financial support to access such training opportunity and/or to transition into employment.
- Min. 400 trainees (of which min. 35% are women) completed project-supported training and transitioned into a job or paid learnership/internship within six months (documented by tracer survey).
- Min. 80% of trainees completing project-supported training enter a job or paid learnership within six months (documented by tracer survey).

For achievement of Outcome 3, the project will produce two Outputs (3.1. and 3.2.)

Output 3.1.: Accredited, employer-validated training delivered, and students start paid learnership/internship.

Indicator of output generation:

- Min. 250 disadvantaged young people (of which min. 35% are women) completing project-supported accredited training, enter a job or learnership/internship based on company statements of intent in partnership agreement.

Output 3.2.: Company and trainee matchmaking support delivered to secure transition to work.

Indicators of output generation:

- Min. 150 trainees receiving matchmaking support and is connected to a job or paid learnership/internship opportunity with a SME sector company or self-employment support leading to increased income.
- Min. 12 companies trained in readiness to take and benefit from trainees.

Outcome 4: Learning, absorption and scale-up

Learning from the project is documented and used to improve delivery and prepare case for scale-up.

Indicator of outcome achievement:

- At least 6 products taken up (cumulative), and a scale-up or top-up case prepared and endorsed serves as evidence that learning products are used to improve delivery and inform scale-up, and that partnership outputs are taken up by national skills structures.

For achievement of Outcome 4, the project will produce two Outputs (4.1. and 4.2.)

Output 4.1.: Learning products generated and disseminated, in particular on the role of Danish business in effective and sustainable job creation in South Africa, including partnership-model descriptions, technical briefs, case studies and learning events.

Indicator of output generation:

- Min. 6 technical briefs and case studies produced and min. 6 learning events held and disseminated.¨

Output 4.2.: Formal links with national structures (Presidential Youth Employment Intervention, QCTO, SETAs) established, and the scale-up or top-up case prepared.

Indicator of output generation:

- Min. 5 formal links (cooperation agreements or memoranda of understanding) established with national structures, and scale-up or top-up case prepared.

6 Implementation strategy

The implementation strategy follows the steps laid out in section 5 (Theory of Change) above. See also section 8.2 below.

Important process steps include:[17]

- The Embassy PPC unit (supported by Techcollege and DI) mobilizes Danish Companies
- Danish companies identify one or more skills gaps

[17] The list is not exhaustive and is subject to change based on the specifics of the individual partnership agreements and demands.

    - The company indicates commitments to take learners into work-integrated learning or offer jobs and possibly co-funding
- NBI mobilizes other labour market stakeholders
- These other labour market stakeholders validate the skills gap(s) to ensure that programmes respond to broader sector demand rather than individual company needs.
    - One or more of these companies commit to paid placements for learners
- In-depth skills need analysis is conducted leading to a 'skills profile' to train for and an understanding of where and the extent to which skills are needed.
- Techcollege submits partnership proposal to the Project Steering Committee. Once approved, partnership agreement is signed by the relevant parties.
- NBI and Techcollege locate and involve an appropriate and competent South African TVET
- Techcollege leads the process of translating company needs into training programs and manages vocational programme design and curricula development based on the skills needs assessment.
- NBI (supported by Techcollege) facilitates the accreditation process
- Techcollege leads capacity building of South African TVET
- The Embassy PPC unit (supported by Techcollege) leads promotion of the programmes, student selection, student support and logistics etc.
- SA TVET (supported by Techcollege or other DK VET provider) delivers training
- The Embassy and NBI facilitates the process of learners to move into work-integrated learning placements or jobs. (This is done through three channels/pathways, see below).
- DI (supported by NBI) are responsible for Company Readiness Training to increase the benefits of the work-integrated learning (for both employers and employees)
- NBI (or The Embassy PPC unit) monitors employment outcomes
- The National Project Advisory Group meets and provides input and feedback to the project design
- Techcollege (with the Embassy) collects learnings from the various partnerships and from the project as a whole to sketch out a conceptual model for how to expand the project efforts through replication or through extension and top-up.

To ensure that training is converted into actual, decent and inclusive employment opportunities, the project will apply a triple-directional approach to establishing pathways to employment for trainees participating in project-funded vocational skills training:

Employment Pathway 1:

Companies pledge jobs or paid learnership/internship opportunities within their own entity or with network or associates for trainees after project-funded training, as part of their contributions to/participation in their relevant skills gap/shortage-specific partnerships. The project (PCT in collaboration with the partnership lead representatives) ensures matching of trainees to these opportunities after training completion. The project may provide additional stipends to trainees during learnerships/internships to ensure the viability of this pathway for specifically challenged individuals.

Employment Pathway 2:

NBI (with support from the other PCT partners) organizes sector- and/or city-/area- specific matchmaking events for (primarily) South African companies incl. local SME communities to meet trainees and experience the skills training completed by these – with the aim of bringing together employers and trainees for employment dialogues and inspire companies to employ project-trained individuals.

Employment Pathway 3:

NBI (with support from the other PCT partners) organizes support "packages" involving workshops and financial start-up assistance to trainees, who will pursue self-employment (entrepreneurship) to bring their acquired skills to market. The idea is that project funds for learnership stipend support could also (when needed) be diverted to support self-employment start-up, for trainees in need of such support and assessed as likely to seriously pursue this pathway and with a clear plan on how to do so (facilitated by entrepreneurship workshop training).

The project has been inspired to pursue this "wide" approach to employment identification by dialogue with NBI re. their operational experience in South Africa and from the conclusions of the GIZ "ELMA" labour market report of 2024, which highlights the importance of the (present lack of) facilitated matchmaking structures in place in South Africa, bringing employers and job-seekers physically together and enabling both parties to discover each other's needs and skills on offer in a mutual trust-building way.

6.1 Duties and responsibilities for project partners

- **Techcollege**

Techcollege is the lead implementing partner. Main responsibilities include:

- Project and budget management. (the Embassy supports/oversees these activities)
    - Sub-contracting inputs from external parties
    - Secretariat-function for the Project Steering Committee

- Facilitating the process around Skills Need Assessment (to be presented to Steering Committee for partnership engagement approval).
- Formalizing and finalizing partnership agreements
- Translating company needs into training programs, going from identified and validated skills gaps to packaging a skills profile for which target group participants can be recruited. (With Embassy/NBI).
- Ongoing collaboration with South African TVET colleges; co-designing training programmes, coordination regarding training delivery, managing capacity building, supporting upskilling of staff etc.
- Secretariat function for the Project Steering Committee meant to ensure cohesion from project vision to partnership implementation and from partnership experiences to documented learnings.
- Participating in the National Project Advisory Group.
- Collecting learnings throughout the project lifespan (with NBI+DI).
- Developing a replicable and scalable model for skills development and job creation that can leverage the project learnings to the benefit of similar and future projects. (With MFA + Embassy)

- **The Danish Embassy in Pretoria**

The Danish Trade Council at the Danish Embassy in Pretoria delivers a Public-Private Cooperation Unit[18] (PPC Unit). Main responsibilities for this unit include: The main responbilities for

- Private sector engagement of Danish-linked companies to identify skills gaps, give inputs to curricula, enter into partnerships, and possibly provide co-funding. These efforts are supported by Techcollege.

[18] The PPC Unit is relying on private Danish companies co-funding the partnerships that they take part in. This entails a degree of uncertainty in terms of the size of the unit and thereby the extent of responsibilities the unit can commit to. We have strong signals that DI is ready to step in and assume a greater role in the project. DI is an obvious alternative to the PPC Unit with their far reach and network as well as experience from similar projects, allowing them to seamlessly caretake some of the duties of the Management Unit

- Creating employment pathways: encouraging Danish-linked companies, mobilizing companies to give credible commitments take students into paid work-integrated learning (internships/learnerships) or jobs.
- Skills programme and curricula validation by Danish and South African receiving companies. Ensuring that the scope and design of training solutions to address the selected skills gaps create the post-training outcome that participants who complete the training will possess suitable skills and be attractive employees. (Supported by NBI and Techcollege)
- Skills programme promotion[19]. Sourcing/recruiting, screening and selecting target group participants. (With Techcollege).
- Student support: handling logistics, booking travel, finding accommodation, tracking student motivation and progress etc.
- Quality assurance: Screening of Danish companies, protecting additionality and development value. Ensuring that Danish support is used for additional, transferable and developmentally justified components, such as curriculum development, accreditation, institutional capacity building, workplace readiness support and learning.
- Local coordination and navigating the South African institutional landscape. Outreach to and involvement of important actors and bodies for accreditation, recognition, legitimacy and long-term sustainability (companies, SETAs, QCTO, TVETs, public/government authorities, PYEI/Harambee and more). (With NBI).
- Seeking synergies with Danish Portfolios in South Africa and other international approaches such as GIZ. (With NBI, supported by Techcollege).
- Participate in the Project Steering Committee and the National Project Advisory Group.

▪ **NBI (National Business Initiative)**

NBI acts as the central local partner, providing access to important stakeholders and expertise in working with TVETs and engaging the private sector as well as experience in running accreditation processes. Their responsibilities will likely include:

- Private sector engagement: Verification/validation of skills needs from additional companies in the cross- or sub-sectors of Danish companies, once skills gaps / emerging skills profiles are identified. (Supported by the Embassy and/or Techcollege).

[19] Depending on the sourcing method. There may be scenarios in which NBI is better suited to promote programmes and source students from acknowledged recruiting platforms.

- Creating employment pathways: Onboarding companies into partnerships, securing commitments for paid placements (internships/learnerships or jobs).
- Support the Skills Needs Analysis processes.
- Selecting and involving (competent) SA TVET colleges most suitable for the project partnerships. (Supported by Techcollege).
- System anchoring of developed programs. Reaching formal recognition of the designed programs within the South African educational framework. (Supported by Techcollege).
- Deliver 'Company Readiness Training' on learnership practices (in collaboration with DI).
- Coordinating student transition to employment after training completion (with Embassy PPC unit).
- Support processes around promotion of programmes and accessing target groups.
- Local coordination and navigating the South African institutional landscape. Outreach to and involvement of important actors and bodies for accreditation, recognition, legitimacy and long-term sustainability (companies, SETAs, QCTO, TVETs, public/government authorities, PYEI/Harambee and more). (With The Embassy PPC unit)
- Seeking synergies with Danish Portfolios in South Africa and other international approaches such as GIZ.(With DI and the Embassy, supported by Techcollege)
- Positioning the Danish contribution as a bilateral deliverable in relation to the Just Energy Transition Partnership (with the Embassy PPC unit)
- Supporting the dialogue between TVET institutions and South African labour market stakeholders to improve and increase mutually beneficial efforts such as TVET responsiveness to industry demands.
- Participate in the National Project Advisory Group
- Monitor employment outcomes. Conduct tracer studies. (With Techcollege or the Embassy).
- Upon project close, distributing knowledge and learnings from the project to relevant stakeholders.

▪ **DI (Confederation of Danish Industries)**

DI brings experience from similar projects, a wide network of Danish companies as well as already established relations with NBI. Their main responsibilities include:

- Liaison with and mobilisation of companies in Denmark.
- Facilitating, advising on and strengthening social partnership dialogue drawing on the Danish model.

- Support skills need verification and skills need analysis processes.
- Support Techcollege in project and implementation management, including stakeholder management, in particular to partners and M&E.
- Delivering 'Company Readiness Training', conducting 'Learnership awareness sessions', teaching companies to agree on and track outcomes from work-integrated learning, maximising the value hereof for both companies and learners. (With NBI, supported by Techcollege).
- Ensure synergies with other current or upcoming Danish-funded projects in South Africa, including contribution to scale-up ambitions.
- Participating in the National Project Advisory Group.

As described above, DI may take on more responsibilities, depending on the size and scope of the Embassy's PPC Unit.

- **Danida Project Steering Committee** (meets twice per year)

The primary purposes of the committee are to:

- Ensure cohesion from project vision to partnership implementation and from partnership experiences to documented learnings.
- Approve new partnerships
- Approve annual work plans and budgets
- Review progress against the results framework and decides on the use of flexible funds

Members are: Techcollege (as secretariat), the Embassy and MFA (KLIMA). Companies and other stakeholders may also be invited for committee meetings.

- **National Project Advisory Group (NPAG)** (meets once per year)

The primary purpose of the group is to:

- Provide feedback and input to the project design

Members are: Techcollege, the Embassy (for KLIMA), NBI, DI, South African skills and labour market institutions, partnership representatives (companies, TVETs, DK VET provider(s))

7 Budget and Financial management

7.1 Summary of the key elements of the budget based on details elaborated in annex in line with the MFA's Financial Management Guidelines (FMG)

The itemized project budget for 2026-2030 (attached as Annex C) includes the following DIRECT COSTS items:

1. Curriculum Development and Training
   Budget item total: DKK 20,600,724

   Item explanation:
   The budget item includes all costs for development, accreditation, and delivery of new vocational skills training programmes, and is divided into funds reserved for already identified (Partnership 1: Renewable Energy: DKK 4,300,724) and expected/planned (Partnership 2: Cooling Technicians: DKK 3,500,000 (estimated budget requirement)) partnerships, with the remainder of the budget item total (DKK 12,800,000) held in reserve for establishment of (min. 3) Additional Partnerships.

   Expected throughput in Partnership 1 is 32-36 graduates at a unit cost of DKK 134,398 – 119,465 per individual.
   Expected throughput in Partnership 2 is 100-120 graduates at a unit cost of DKK 29,166 - 35,000 DKK per individual.
   Expected throughput from additional partnerships (3-5) is 344-368 graduates at a unit cost of 34,782 – 37,209 DKK

   The majority of the budget item funds will be disbursed through sub-partner contracting to

   - South African TVET providers participating in project partnerships – for training programme design and development working hours and materials, and for training delivery to project trainees (tuition fees)
   - Danish VET schools participating in project partnerships – for training programme design and development travel and working hours, and for training support provision during initial programme delivery
   - South African accreditation bodies for accreditation services
   - South African labour market stakeholders for training programme design and development working hours

In addition, budget item funds may be disbursed to PCT partner staff (but not PCT staff) for services to skills needs analyses, partnership planning, training programme design and development, as well as training programme accreditation preparation.

2. Capacity Development of Vocational Training Institutions
   Budget item total: DKK 6,356,579

   Item explanation:

   The budget item includes all costs connected to ensuring that South African TVET providers acquire the teacher skills (vocational and training delivery), facility, material, tool, and equipment resources required to deliver the curriculum developed for a specific new vocational skills profile.

   The budget funds are divided into two separate budget lines: DKK 3.606.579 for capacity building measures, and DKK 2,750,000 for equipment purchase.

   The budget funds will be disbursed by Techcollege (or PCT partners on behalf of Techcollege) to partnership partners (South African TVET and Danish VET institutions) for train-the-trainer sessions in South Africa or Denmark, transfer of materials, tools, or equipment instructions to the South African TVET provider, and facility set-up for the required curriculum standards. Funds may also be disbursed to equipment, tools, or materials suppliers, with priority provided to purchases sourced locally in South Africa.

   Budget funds will be allocated to each partnership on the basis of assessed needs (during partnership preparation) and a capacity building budget access limit included in the MoU signed between the partnership and Techcollege

   The existing Partnership 1 is not expected to require capacity building or equipment support. The Outcome 2 target of five South African TVET institutions strengthened is therefore met from the four remaining partnerships, at least one of which will involve more than one training institution.

3. Access to training and employment for disadvantaged groups
   Budget item total: DKK 4,800,000

   Item explanation:

The budget item constitutes a facility to cover trainee support needs in all partnerships. The purpose of the facility is to ensure that all selected target group participants – regardless of personal and social backgrounds – will be able to attend the training and subsequently will be able to take up an employment, learnership, or internship offer from a company.

The budget funds are intended to be paid out to individual training participants and distributed on a needs-based basis.

Funds may be used to cover

- Transportation for trainees to attend training or for an initial period while attending a learnership or internship
- Childcare costs to enable women with no alternative childcare options to attend training
- Other small-scale cost items which constitute a proven barrier to trainee training or workplace activity attendance
- Support for dormitory/housing costs if required due to distance between home and training institution.
- Stipend support during learnerships/internships if company payments are proven insufficient for subsistence due to e.g. trainees having to change living conditions or location

Funds will be allocated by the PCT by training cohort and based on needs assessments at the time of trainee enrolment. Allocations to students post-training is foreseen to be on the basis of trainee applications.

4. Project Implementation
   Budget item total: DKK 13,569,800

   Item explanation:
   The budget item includes all funds to be disbursed to the eligible partners contributing to the Project Coordination Team and covers all staff costs (salaries, insurance, travel etc.) for staff contributed to the PCT and all costs of activities in the project carried out by this staff as part of their PCT function. Additionally, the budget includes office costs for the PCT office operation, which may be an independent office or an office space within one of the South Africa-based partners' facilities. The budget item also covers the cost of the annual audit of the project accounts.

Techcollege has a budget line of DKK 8,691,800 to cover project management, administration, financial organisation of project funds, reporting and backstopping, as well as Techcollege participation in non-partnership activities in the project

The budget line will be used to finance

- 1 resident full-time Project Director in South Africa incl. travel and subsistence. (tentatively budgeted at DKK 1,380,000 per year for 2027-28)
- 2-3 part-time support staff in Aalborg)
- PCT office rental costs in South Africa
- Non-PCT staff costs for contributions to project activities not included in a partnership (i.e. activities in stage 1 and 3)

NBI has a budget line of DKK 2,000,000 to cover travel and salaries of staff provided to the PCT and activity & non-PCT staff costs related to sector engagement and national anchoring activities not included in a partnership (i.e. activities in stage 1 and 3).

DI similarly has a budget line of DKK 1,750,000 to cover salaries and travel of staff provided to the PCT and activity & non-PCT staff costs related to stakeholder engagement and social partner dialogue activities not included in a partnership (i.e. activities in stage 1 and 3).

NBI and DI budgets will be disbursed through sub-partner contracts with Techcollege.

The budget item includes a budget line of DKK 928,000 for a Local Support Function, which is intended to cover shared PCT support staff and office operation costs to ensure a fully staffed and operational PCT that is able to run the majority of strategic partner activities in the project. DKK 768,000 is tentatively budgeted for support staff salaries and DKK 160,000 for office costs.

Finally, the budget includes DKK 200,000 for auditing of project accounts – to be organized by Techcollege,

The total DIRECT COSTS budget of the project is DKK 45,327,103

Project INDIRECT COSTS are divided into two budget lines:

- DKK 3,172,897 for a 7% partner indirect costs coverage facility to cover organisational costs for project participation and support of project-funded resources. Distribution is included in sub-partner contracts and must not be based on costs documentation.
- DKK 1,500,000 for reviews and studies to be used and administered by the Ministry of Foreign Affairs

The total INDIRECT COSTS budget of the project is DKK 4,672,897

7.2 Explanation of financial management procedures and system and financial reporting requirements in line with FMG

The project budget will be managed by Techcollege, through separate accounting numbers in the Techcollege financial management department (and systems), which is familiar with handling assignments where Techcollege is required to store, distribute, and report/audit project finances.

The Techcollege financial department will provide the Project Director (for sharing with the PCT) monthly account status updates. A financial officer will be on hand to co-ordinate with the Project Director and PCT for budgeting (budget revisions based on monthly budget use updates), which is planned to take place bi-monthly during the initial project phase, but the interval may be revised as needed.

Payments from the project account must be authorized by the Project Director and countersigned by the assigned financial officer when in excess of DKK 5,000. For smaller payments, either party may authorize payments.

All implementing partners in the PCT or partnership participants, who will receive project funds, will be contracted by Techcollege as sub-partners. PCT partners will receive their allocated Project Implementation budgets in advance every six months, with the next installment contingent on the documented use of already transferred funds.

Partnership sub-partners will receive budgeted funds for disbursement in advance in installments every three months, with the next installment contingent on the documented use of already transferred funds.

All funds disbursed to third parties (i.e. recipients not contracted as sub-partners) will be conducted as payments of invoices presented or (in the case of trainees as individuals) against signed receipts.

Techcollege will open a South African bank account – to be used for transfers of operational cash to the PCT office for cash disbursements for e.g. activity implementation, office costs, and support funds payments to trainees. Techcollege will transfer funds from the project accounts to this bank account at regular intervals, based on budgeted needs (established at each budget revision session).

A financial status report will be provided to the Project Steering Committee for each regularly scheduled meeting (every 6 months) and project accounts will be audited by Techcollege's auditors (PricewaterhouseCoopers) in the first quarter of every year for the preceding year.

Techcollege financial management resources and procedures are included in responses to the Partner Assessment Questionnaire.

8 Project management, monitoring, and reporting

8.1 Techcollege considerations and approach re. project management

As a Danish vocational education institution, we are aware that we do not possess the typical Project Owner profile and background in a DANIDA development aid framework. In particular, we lack experience in building management structures and procedures that are consistent with DANIDA practise and take into account the special priorities and considerations, which DANIDA emphasizes for operation in a developing or middle-income country environment, such as the four mandatory-condition policies and proper sub-partner assessment tools for use in such an environment.

We intend to address this lack of experience (and build the necessary awareness and management capacity by adopting the following two-pronged approach:

1) Focus on engagement of our PCT partners and their various and complementary knowledge and skills in proper management of a development aid project in a South African context – to acquire insights that we do not yet possess
2) Utilize the application period until November 2026 to co-establish – with these partners (i.e. the Danish Embassy, DI, and NBI) an operational and managerial framework that is fit for purpose

and expressed in operational manuals and procedures that are fit for purpose and represent the collective experience of the PCT group.

To advance 1), we have established in the application the PCT as a joint operational full-time staffed team with the intention of joint, consultative management dialogue and decision-making to the maximum possible extent. We believe that bringing together the four partner experience backgrounds in the operational decision room will ensure that Techcollege will have a platform for negating most risks from our lack of operational experience in this particular framework (nationally and in MFA terms) and for rapidly building up the necessary experience.

In support of 2), we have agreed with our PCT partners to build the operational/managerial and contractual procedures and guidelines for the project together, and to implement a one-week joint project management and project operations preparation workshop in South Africa on November 2nd-6th when the appraisal feedback is known – and in time for bringing on board any appraisal feedback and recommendations in time for inclusion into the final application documents.

Additionally, Techcollege will (if approved as Project Owner) assign a full-time Project Director to be stationed in South Africa for min. the first two years of the project, supplemented by a dedicated half-time managerial and operational backstopping officer in Aalborg. This in addition to the administrative and financial support staff (estimated to comprise a total of one half-time position) allocated to ensure that project administration and budget management is covered by all system safeguards employed in the ordinary operation of the college (and in our extensive Danish and EU-funded project portfolio).

See List of Relevant Senior Staff attached to the Partner Assessment Questionnaire.

From this list, Director Søren Samuelsen has 12+ years of previous experience leading the Techcollege International Department and has managed Techcollege engagements in the DANIDA VTV company twinning programme. Søren Samuelsen represents the Techcollege executive level liaison relations to the other PCT partners, which will be expanded during the application preparation period this Autumn. It is our plan that Søren Samuelsen will join the Project Steering Committee and additionally provide project management oversight and provide guidance to the Techcollege M&E setup.

International Coordinator, Christian Gravholt has present experience as operational Project Manager of the MDVP programme implementation at Techcollege and has been the operational link between Techcollege and the Danish Embassy in South Africa for development and management of this programme.

Excutive Consultant, Peter Wendelbo has 15 years of previous project management experience at Techcollege International Department and currently leads the four European Commission Erasmus+

KA2 projects in which the college is involved. Peter is planned to undertake the backstopping support role to the appointed Project Director and lead the production of Project Management and Adminstration guidelines on the basis of the above project operations preparation workshop in November 26.

8.2 Plan for starting up and implementation

During the application phase:

- 2-6 November: Joint PCT partner workshop in Pretoria, SA, for agreement of PCT setup, location, division of (staff) roles and responsibilities, sub-partner contracting process and form, and to agree on operational procedure for joint PCT management
- 6-20 November: Co-production (with Techcollege leadership) of project management, operational, and administrative manuals for inclusion into the final project application
- End November: Steering Committee establishment and pre-launch meeting

At project start-up:

- January-February 2027: establishment of PCT office and staff (incl. joint support staff). Residence status in SA of Techcollege Project Director established.
- March 2027: launch event for Danish-linked companies in South Africa – presentation of the project model and co-operation opportunities
- April 2027: Steering Committee Status meeting

2027 implementation focus:

First half year:

- (DK-linked and other) company engagement focus
- Skills gaps/shortage identification at company level
- South African national structures and stakeholders liaison and formal links establishment
- Skills needs validation with SA labour market/sector representatives
- Partnership development and submission for Steering Committee approval
- First cohort training in existing partnership

Second half year:

- Skills needs validation with SA labour market/sector representatives
- Partnership development and submission for Steering Committee approval
- In-partnership development of new vocational skills profiles and training programmes for accreditation
- Training Programme accreditation

2028 implementation focus

First half year:

- In-partnership development of new vocational skills profiles and training programmes for accreditation
- Training Programme accreditation
- First cohorts training in new partnerships
- Trainee support provision
- TVET institution capacity building and equipment purchase

Second half year:

- Training Programme accreditation
- First cohorts training in new partnerships
- Trainee support provision
- TVET institution capacity building and equipment purchase
- First trainee placements in jobs/learnships/internships
- First employment pathway creation activities

9 Project risk management

Main risk considerations based on a risk assessment in line with MFA guidelines on risk assessment.

The project is classified as high-risk in the Project document (section 9, page 21), reflecting its status as a Pilot project that aims to test and generate learning from activation of public and private stakeholders (on both Danish and South African sides) in an innovative partnership model. The ambition is that this model should generate a better, closer, and more reliable trust-based collaboration between companies, labour market stakeholders and vocational training providers for identifying and accurately addressing vocational skills gaps and shortages. This by infusing inspiration from the Danish Social Partnership Dialogue Model and creating commercially sustainable cases for engagement for Danish-linked and South African companies.

When assessing the risk landscape of this framework, we should note that

- The public-private cooperation model (also in the Danish partner composition and political anchoring of the project) represents a new and relatively untested approach for Danish development aid projects, but one, closely reflecting current MFA development strategy and consequently a strong desire to validate how this can be brought to function optimally.
- The context analysis clearly shows that skills gaps are not *seen in isolation*, the main cause of youth unemployment in South Africa. Instead, lack of company and education sector dialogue, lack of obvious meeting forums for companies and job seekers to find each other, lack of trust in existing TVET providers (and skills diplomas issued by these) by companies, and structural barriers to real trainee access to quality TVET options with realistic training attendance opportunities for the project target group all contribute to a more complex problem framework to overcome to secure skills-based employment achievement for trained graduates.
- As the project aims to avoid the trap of creating a "Danish led and funded insulated bubble" around its funded training programme development and delivery, its stated aims of complete anchoring of outputs and products generated with South African stakeholders will depend on the existence of South African partner institutions at the national development strategy, labour market intervention, company and TVET institution levels willing and able to absorb and integrate these project results in their future practise and modes of operation.

In the following, we describe the main areas of contextual, programmatic, and institutional risks, and the planned response strategy of the project to each risk type.

9.1 Contextual risk

The project may likely face one or more risk areas related to the listed deficiencies (see Annex E: Context Analysis) in the current function of the South African labour market and education system.
Since it is a key characteristic of the current South African labour market that insufficient jobs are being created in growth sectors to offset the reduced workforce in a/o traditional industry and mining, overall employment is falling, and unemployment (especially among the project target group) is high.
This puts a big emphasis on the project's ability to accurately forecast new job creation (skills profiles, timing, and location) to place trained graduates at the right place at the right time with the right skills to absorb jobs created. If this is not achieved, it may be difficult for the project to achieve its employment targets.
Since vocational skills training programmes will need to be certified and integrated into the South African education system as NQF qualifications and/or QCTO-recognised modular competencies, the project will depend on the acceptance by accreditation authorities of training programmes developed in their intended form (as additions or extensions to current TVET programmes, or as now programmes or modules supplementing the current TVET landscape). And similarly on the efficient function of the accreditation process and dialogue between accreditation bodies and the assigned project partner (NBI).
Given the complexity of stakeholder roles and involvement in the more than 100 active labour market development measures currently in play, the project partnership model and approach to training provision and employment pathway creation risks running up against vested stakeholder interests or conflicting agendas, which may create opposition to project activities or rejection of systematic anchoring of outputs with South African system stakeholders.

Contextual Risk Management strategy

Most contextual risk factors are beyond the direct influence of the project and should be considered an operational precondition. Consequently, the main response strategy must be based on project *agility and flexibility* in selecting its focus of operation, choice of key South African partners for anchoring processes, and the ability of the project to revise course or partner set-up in the face of opposition or obstacles to implementation performance.

In the case job availability, the project must seek to secure the maximum number of employments from *within* the partnership participation group (and hence secure the widest possible partnership participation palette of leading companies) and focus on maximizing the reliability of skills needs analyses and labour market skills needs validations performed, to extract useable indicators about job availability for graduates, including timing and location of prospective employment. Also, project funding form training provision should remain flexible and able to be directed at boosting training volumes in areas displaying the most positive employment transition post training completion.

For anchoring of project results, the project must pursue (as much as possible) a multiple options strategy to prevent dependence on one single source of e.g.- accreditation or stakeholder involvement/support.

Maintaining flexibility, adaptability, and multiple engagement options should be a continuous feature of decisions and activity plans defined by the PCT and in PCT recommendations and reporting to the PSC.

9.2 Programmatic risks

The change pathway for achieving project outcomes (as detailed in Section 5.1.) depends on a range of assumed/required stakeholder or participant behaviours or reactions to the project cooperation proposed. To varying degrees, these assumed response patterns may be inherent risks to the project ability to convert planned activities implementation into planned output and outcome creation.

Mainly, the project depends on companies being willing to engage in the proposed partnership and able to identify relevant skills gaps for which it will be commercially sound to invest in the partnership (by e.g. stating intentions to provide employment, learnership or internship opportunities) in order to secure future access to the skills profiles in question. This will, in most cases, likely require that the project is able to present the company with a partnership engagement scenario, which the company will regard as a win-win option. Whether this can be achieved within the realistic financial framework may be a risk, although initial project experiences from the currently operational partnership and the second partnership in planning give cause for optimism.

The project has identified three employment creation pathways for graduates post-training and will depend on the cumulative success in facilitating these pathways to generate the target volume of graduate placements in employment or paid learnerships/internships. Several links and assumptions must prove to be correct here:

- Partnership participant companies must generally honor their stated intentions from the partnership MoUs to take graduates for placement or facilitate such placements within their supply chain or sector networks.
- Alternative pathways promoted by NBI must encounter interested companies (incl. SME environments) that are not scared away by the project conditions of “decent and inclusive” terms.

- Graduates must be able and willing to accept comp any offers within these terms – for which the project may mitigate challenges by providing student support if required to make the placement a realistic prospect for disadvantaged individuals.
- There must be a workable correlation between location of graduates and placement offers, enabling matches to be made.

Further although the project applies a wide-ranging target group definition, it may emerge as a risk that it is challenging to identify, engage, and enrol sufficient volumes of target group students *with the required base skill levels* to enter training in the developed vocational skills modules – as project finances will generally not allow for students to be recruited from a completely unskilled vocational level and lifted to full employability level through long and comprehensive training inputs.

Finally, the project model depends on the realistic ability of the project to instil (within available budgets) sufficient capacity with its selected South African TVET partners to allow the partner to independently "own" and deliver the full vocational skills programme curriculum developed – at project end by the latest. This assumes the availability of the motivation, staff skills, and organisational support of the partner to genuinely absorb and utilize the planned capacity building measures.

Programmatic Risk Management strategy

We believe that the key strategic approaches to ensure positive partner/participant/stakeholder engagement and reaction to project interventions will comprise

1. Careful partner selection (building on local PCT partner experiences and partner reputation, thorough up-front dialogue on mutual expectations, detailed contracting of expectations and the deliveries expected as an illustration of these, and stringent M&E measures)
2. A flexible approach to initial dialogues with Danish-linked companies (for launching partnerships) based on the recognition that commercially sound (non-beneficiary and non-philantropic) co-operation scenarios may vary significantly between companies and the project should allow for a variety of partnership involvement models of these companies to be accepted and tested.

3. Targeted application of the project funds for student support (to aid where required and ensure that trainees experience the project as genuinely focused on their achievement of skills and transition to decent and inclusive employment)

We also believe that it will be a significant learning point of the project partnership model whether the intended Danish Model-based involvement and inter-partner dialogue will lead to more engaged and reliable participation and contribution from private and/or public stakeholders in these partnerships – and increased partner institution performance towards project output achievement.

9.3 Institutional Risks

Although we have considerable faith in the partners included for PCT participation, and the ability of our own organization at Techcollege to compensate for our initial lack of experience and ready-made DANIDA-applicable project management & administration framework, it should be recognised that assumed partner performance may pose risks to the project implementation.

An obvious risk is the involvement of the PCC unit of the Danish Embassy in South Africa as PCT strategic partner – which rests on the ability of the Embassy and project to generate funding for this involvement from participating (Danish-linked) companies and/or external sources, as the Embassy is ineligible to receive DANIDA project funds. Although the project assumes strong Embassy PCT participation, the tasks foreseen for the Embassy can be redistributed among the other PCT partners. Which of these tasks pass to DI, to NBI and to Techcollege will be decided according to the tasks involved and the capacity of each partner at the time.

Similarly, Techcollege pledges to invest, (within the first year of implementation, 2027) what is required (possibly beyond project budget allocations) to develop and entrench the necessary DANIDA-specific and operational framework skills to eliminate any significant risks from its initial lack of experience in these matters. To this effect, the set-up of the PCT as a closely co-operating mutual office community representing multiple sources of local experience, should greatly aid this development.

Indeed, we believe that the main institutional risk factor to be handled strategically by the project is how to ensure genuine additionality of project investments in supported job creation with companies, i.e. that project funding does not simply replace or substitute for already planned internal investments or jobs, in which case no additionality is created and recipients of funding may breach DAC eligibility and EU state-subsidy rules.

Institutional Risk Management strategy

Focusing specifically on the key additionality issue, we believe that the best possible project strategy is to build into partnership MoU's (and the contractual basis between the project and any company to receive project funding support) the maximum safety measures to insure the project against substituted or overlapping funding for company training and employment measures or obligations.

The project will e.g.

- Compare company training and employment support pledges against previous and current investment levels, to ensure that the pledged support represents a genuine increase in company investment – and that project funding support does not exceed this identified increase.
- Check with the company (annually during the project) that grant activity is not counted by the company towards B-BBEE scoring.
- Require that some level of company co-financing of project and/or partnership activities is provided, although the project is aware that this level of co-finding may vary considerably among partnerships to ensure company engagement on commercially sustainable terms.

General diligence by the PCT in contracting and monitoring sub-partner performance is obviously required, to minimize the risk of fraudulent partner practises or theft of project funds by sub-partners. This is especially important as we recognise that the majority of South African sub-partners in partnerships will likely require advance payment of inputs, deliveries or services due to cashflow restrictions.