DISCLAIMER

Report on environment within ODA to South Africa for the Department of Finance and the Danish Co-operation for Environment and Development (DANCED), Royal Danish Embassy, by Chris Albertyn and Saliem Fakir.

RESPONSIBILITY

This report was financed by DANCED as part of their aid program to the Government of South Africa. The views and recommendations contained in this report are those of the authors, and neither DANCED nor the Department of Finance are responsible for the content and analysis, nor bound to the recommendations made.

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ACRONYMS AND ABBREVIATIONS

CEC	Committee for Environmental Co-ordination
CIDA	Canadian International Development Agency
CSD	United Nations Commission for Sustainable Development
DAC	Development Assistance Committee
DANCED	Danish Co-operation for Environment and Development
Danida	Danish International Development Agency
DBSA	Development Bank of Southern Africa
DCR	Development Co-operation report
DEAT	Department of Environmental Affairs and Tourism
DFID	Department for International Development (United Kingdom)
DLA	Department of Land Affairs
DME	Department of Minerals and Energy
DoF	Department of Finance
DWAF	Department of Water Affairs and Forestry
ECBU	Environment Capacity Building Unit
EIA	Environmental Impact Assessment
EU	European Union
GEAR	Growth, employment and redistribution strategy
GEF	Global Environment Facility
IDC	International Development Co-operation - Department of Finance
IDP	Integrated development plans
IDRC	International Development Research Centre
LDO	Land development objective
MEA	Multi-lateral Environmental Agreements
MEC	Member of the executive council
MTEF	Medium-term expenditure framework
NCCC	National Committee on Climate Change
NGO	Non-governmental organisation
Norad	Norwegian Agency for Development Co-operation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
RDP	Reconstruction and Development Programme
SADC	Southern African Development Community
SALGA	South African Local Government Association
Sida	Swedish International Development Co-operation Agency
TA	Technical Assistant/Assistance
TRAF	Total Resource Allocation Framework
UN	United Nations
UNCED	United Nations Conference of Sustainable Development
UNEP	United Nations Environment Programme
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

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EXECUTIVE SUMMARY

Official Development Assistance (ODA) for environment to South Africa since 1994 has occurred within the context of a major paradigm shift in government's conception of environment, from a conservation-based approach to that of sustainable development. This shift has been accompanied by the creation of entirely new environmental governance policies and approaches, as well as constitutionally redefined structures.

This massive and uneven process of institutional creation, transformation and reorganisation has, until recently, resulted in limited attention being available for maximising the opportunities and potential presented by the introduction of ODA for environment. At the time of this study, the DEAT was in a major state of institutional flux, having undergone a protracted transformation process and having recently welcomed its third minister and third director general in five years. However, initial signs are that a number of the longstanding challenges concerning the administration and direction of environment ODA are being addressed:

◆ Environmental governance in South Africa remains challenged in allocating its limited resources (DEAT receives 0.2% of national budget) and capacity to additional post-1994 responsibilities resulting from:
◆ The constitutionally defined concurrent national and provincial responsibility for environmental governance. This has required the establishment of nine entirely new provincial environment departments, along with the necessary mechanisms for enabling national co-ordination and co-operative governance;
◆ The recent (November 1998) allocation of 'lead agency' status to the DEAT. This means that DEAT has overall responsibility for and co-ordination of environmental matters throughout the horizontal and vertical layers of all government departments. This is further complicated as a number of departments retain responsibility for both the promotion of activities and the environmental regulation of their effects, for example – mining and energy affairs, forestry, and agriculture;
◆ The burgeoning demands and government-wide implications of participation in international environmental conventions, as well as various bilateral and multi-lateral agreements;

ALLOCATION OF ENVIRONMENT ODA

The high political profile and expansive definition of environment interests in donor countries are contrasted with limited South African priority and absorptive capacity for environment ODA.

These circumstances resulted in an initial 'shotgun' approach by donors looking for viable environmentally related projects to support. The outcome was that the better resourced and more organised and stable government institutions and directorates were able to capture support and secure longer-term ODA relationships. These interventions were largely project-based, with little co-ordination or integration.

During the period under review, the main emphasis of donor intervention was on support for policy formulation, training and capacity building. There was limited support for activities directly targeted at improving environmental quality on the ground.

♦ ODA support to DEAT has grown rapidly over the past two to three years, coming to represent the equivalent of 20% of the national departmental environmental budget.
♦ DEAT received 18% of total donor-defined ODA environment funding allocated between 1994 and 1999
♦ DWAF's water projects constituted 51% of donor-defined environment funding.
♦ Most of the R300 million ODA funding DEAT received between 1994 and 1999 was directed to South African National Parks and the National Botanical Institute (56%) and for projects related to policy development and environmental management (40%).
♦ Only a small proportion was allocated to the Weather Bureau and Sea Fisheries.

The direct poverty alleviation and job creation impacts of these projects have not always been apparent. The largest contribution has been from the GEF, about R128 million, and second largest from DANCED, about R49 million. While most support appears to have been provided at the national level, the wealthier more capacitated provinces were able to procure a measure of ODA environment support.

Environmental NGOs are experiencing significant barriers in accessing any ODA support for advocacy, watchdog and programme-oriented work. With the exception of DANCED, there is presently no ODA agency providing institutional support to specifically environmental NGOs.

Most ODA environment funding available to NGOs has been restricted to project-based funding with a service emphasis. The biggest single proportion of the 25% of total ODA defined by donors as 'environment funding' allocated to NGOs went from the EU to 'non-environmental' NGOs, a water service delivery NGO (Mvula Trust) and the Rural Development Services Network.

OWNERSHIP AND CONTROL

While there has been Government oversight of ODA environment funding, it has been diffuse and uneven. The bilateral IDC co-ordinated annual consultations have played an important role in promoting alignment and intersection of government and donor interests. The overt poverty alleviation agenda of a number of donors resulted in their playing the stronger initial role in seeking to align environment and poverty issues.

Donors have generally been responsive to direction articulated by government. Where a donor might have been perceived to promote divergent interests, especially in environmental issues with potentially contentious economic or trade-related implications, government departments have exercised caution and few such integrated initiatives have emerged. For example, national

departments such as Trade and Industry and Minerals and Energy have been cautious in their approach and participated in few environment-related donor-supported projects. Such caution reflects opposing and variant perceptions of environment concerns within government. It also underlines the policy gaps and underscores the significant challenges to mainstreaming environment concerns.

INSTITUTIONAL ARRANGEMENTS AND CO-ORDINATION

Up until April 2000 when DEAT convened its first ever donor co-ordination meeting, there was no formal mechanism that encouraged and enabled donors to contribute towards a common sector-based approach to environment. In the absence of clear policy and direction from the national department, environmental donors convened their own informal donor co-ordination meetings.

Most donors have been welcoming and responsive to recent attempts by DEAT to systematize and integrate environment ODA within one overall departmental business plan responsive to the social and development priorities of the Medium Term Expenditure Framework (MTEF).

Inter-departmental co-ordination on environmental ODA projects and programmes at the national level has been minimal. In some instances national departments have deliberately sought to conceal projects and initiatives with an environmental component from each other, ostensibly out of fear that the variant emphases, mandates and/or perceived incapacities of these departments may place obstacles in the path of timely project implementation. There have been notable instances where one donor in particular (DANCED) has played a role in initiating and improving inter-departmental communication and co-ordination between DEAT and DWAF around the implementation of common projects.

Communication between DEAT and IDC appears to have been largely limited around the matter of the bilateral annual donor consultations. Donors usually have direct relations with the relevant government departments, and in cases, IDC only gets to hear of projects and initiatives through the annual donor consultations. Both donors and government departments have pointed to two problems in IDC: it's capacity constraints in information provision and communication, and a donor-focussed rather than sector-focussed structuring.

There is a significant and debilitating absence of any single or uniform reporting, recording and monitoring of financial flows of ODA for environment in South Africa. Donors each have their own means of defining environment funding, aggregating and recording it.

The availability, quality and reliability of donor records of financial commitments and disbursements for environment seriously limits any strategic management possibilities for drawing comparative conclusions on distribution by institution, region or issue. DEAT has recently begun an initiative aimed at centrally recording ODA financial flows specifically for environment. Inter-departmental co-ordination in this regard remains a challenge. At this stage it would be just

about impossible to monitor and record the apparently limited extent of mainstreamed environment support within general ODA projects.

PROVINCIAL AND LOCAL GOVERNMENT

The bulk of environment ODA available since 1994 has been utilised at the national level. National co-ordination and assistance in directing available environment ODA to provinces and local government has received limited attention.

Provincial environment departments report feeling uninformed, under-capacitated and left out of potential opportunities for procuring environment ODA support for key projects perceived by provinces as a priority. National decision-making has on occasion resulted in a province receiving funding for projects that were not their chosen priority.

With a few exceptions there has been limited absorptive capacity in the provincial government departments. The extent of available resources and capacity has largely excluded provinces from being active in identifying, securing and responding to potential ODA environment opportunities. Where environment ODA has gone to local government, this has usually been either donor-driven or resulted from officials with personal contacts with donors.

IMPACT

In the absence of any sector-wide or programmatic monitoring and evaluation of ODA for environment, it is difficult to draw specific conclusions with respect to ODA impact.

At a general level, the introduction of environment ODA as an opportunity for government has provided impetus and assistance (financial and technical) in policy formulation. It has promoted a small degree of mainstreaming of environmental considerations (for example, with somewhat limited success on land reform projects). It has also provided training and capacity building opportunities for government staff and a few NGO people.

ODA environment funding has also been responsible for supporting the various and extensive multi-stakeholder participative and consultative environmental policy formulation processes. The Consultative National Environmental Policy Process that led to the formulation of NEMA, the Coastal Zone Management Policy and Biodiversity Policy formulation processes, and the National Waste Management Strategy were all enabled through ODA support.

These processes had notable impact in that they raised broader stakeholder awareness, achieved substantial buy-in, participation and communication across the major stakeholder groups of business and industry, labour, NGOs and communities.

The initial ODA-supported participatory approach does not appear to have been translated into government making ongoing provision for supporting engagement, consultation and partnerships with these stakeholders. The social

capital, collective knowledge and common will generated in these multi-stakeholder processes appear to be dissipating due to DEAT's incapacity to establish and manage structures for pre-empting, managing and directing the inevitable stakeholder differences and tensions inherent in addressing environmental concerns.

While an under-capacitated DEAT was initially cautious about the agendas of environment donors, they have come to view ODA as making a valuable contribution through the provision of technical knowledge and financial assistance. This funding and technical support is recognised as providing for projects and programmes for which budget support would either be delayed or non-existent. There is a general perception that most donors have unnecessarily cumbersome and bureaucratic administrative and reporting requirements that, especially in smaller projects, sometimes lead officials to question the comparative value of the funds provided.

MAINSTREAMING

There are on-paper frameworks and policies in both government and donor agencies that promote mainstreaming of environmental concerns. The challenges of mainstreaming ODA for environment cannot be seen separately from the general challenges of mainstreaming environmental concerns into all levels of governance.

There are a number of significant conceptual and capacity barriers to the realisation and implementation of environmental mainstreaming. The National Environmental Management Act (NEMA) describes various reporting and structural mechanisms that will provide for increasing mainstreaming of environmental concerns across government. However, it is apparent that there is presently insufficient capacity in DEAT and low levels of priority in most other government departments to support and give effect to environmental mainstreaming.

From the donor perspective, most desk officers do not have the time, capacity or requisite support to effectively mainstream environment into their projects and programs. Some interviewees have reported one or two ODA-supported development projects as having a negative environmental impact due to a failure to consider environmental concerns in project conception and design. The general extent of environmental consideration by ODA agencies for non-environmental projects is to rely on the relevant government agencies to comply with South African law as regards required environmental impact assessments. Such compliance by government agencies cannot be taken for granted.

GENDER

While both donors and government have policies of promoting consideration of gender equity, the overt promotion and integration of gender concerns into environmental ODA is not apparent.

RECOMMENDATIONS

INSTITUTIONAL ARRANGEMENTS

The recent introduction of sectoral ministerial and departmental co-ordination clusters by the President's Office is an opportunity for promoting and effecting mainstreaming of environmental considerations across government. This structural re-alignment is also an improved opportunity to begin the inclusive development of a national sustainable development strategy.

Over the past five years a number of strong relational systems have been established between various donor organisations and various government departments and ministries. The social capital of these relationships is valued on both sides. Given underlying potentials for turf battles, there is likely to be resistance to suggestions for re-allocation of responsibility and authority in the mechanisms for soliciting, selecting and approving ODA for environment.

Efforts at encouraging improved management of environment ODA should rather be directed at supporting the provision of adequate institutional capacity for co-ordination, information sharing and knowledge management, led by DEAT's International Liaison Unit, and directed by the CEC. Effective use of co-ordinating structures such as the CEC and MinMEC depends upon the extent to which the co-ordination of ODA for environment is treated as a priority by political leadership and senior management.

It is recommended that specific attention and institutional support is provided to the International Liaison Unit within DEAT. This would maximise the chances of across-government co-ordination of environment ODA opportunities. It is important that the positioning, staffing, resourcing and mandate of the International Liaison Department within DEAT be clarified.

Donors should support the International Liaison Unit in their recent efforts to create and maintain a publicly accessible environment ODA funding database. This should be designed in close consultation with IDC to enable efficient and regular exchanges of relevant data and information.

DEAT's International Liaison Unit should be sufficiently resourced in order to create and maintain a website containing government-wide information on environmentally-related donor programmes, projects and upcoming opportunities, missions and meetings, as well as describing application protocols, procedures and formats. An e-mail circulation list could be used to inform those in government and elsewhere who are interested in developments and opportunities. Close liaison with the equivalent department within DWAF will be necessary.

The DEAT International Liaison Unit should also produce a manual (print and online) describing priority areas government has targeted for ODA funding, and the criteria and processes of project selection (this may initially be DEAT-specific, but could become sector-wide). A description of the necessary formats for project idea descriptions and proposals would be helpful. Lines of accountability and reporting requirements should also be described.

Investigations should be initiated to determine the best means of building the capacity of interested provincial and local governments to identify, develop and write proposals for possible ODA support;

DONOR CO-ORDINATION

DEAT's recently established donor co-ordination forum is an important site through which the highest common denominator of interests could be established among government and the various donors interested in the environment sector.

DEAT should consider initiating regular independent reviews of ODA interventions in the environment sector as a whole, looking for lessons on improving impact, alignment, distribution and donor co-ordination;

ALIGNMENT

DEAT should be supported in being able to provide annual written guidance for government departments on how environmental programmes, projects and activities can be conceptualised and designed such that they are supportive of and in line with national priorities as articulated in the MTEF and Presidential speeches;

The CEC is the appropriate forum for the approval of sector-wide means of prioritisation and alignment of environmental initiatives to be targeted for ODA support.

OWNERSHIP AND CONTROL

While DEAT should continue to take a lead in enabling a process of identifying priority areas for ODA environment funding, improved co-ordination and communication with provinces and local government will ensure greater relevance, ownership and sustained success of selected projects.

DEAT could also add value through exploring partnerships with NGO and other agencies that could provide capacity-building and service assistance in projects involving local government and communities.

MONITORING AND EVALUATION

The cost of M and E is high, and unless the appropriate government institutions are willing to invest in M and E systems internally as part of a broader initiative and effort, it does not make sense to create a separate entire system for ODA. Environmental management requires a monitoring tool which addresses:

♦ financial record-keeping of all ODA to environment to assist government (CEC) in directing resources to priority areas;
♦ Monitoring of project implementation across vertical levels of government, including monitoring of alignment of project objectives with national priorities;

♦ Monitoring of efforts to mainstream environment into all ODA, and particularly monitoring for ODA projects with a potential to require mitigation for environmental impacts.

It is recommended that donors support regular independent sector-wide government-initiated reviews and evaluations concerning the allocation, alignment, and impact of ODA support for environment.

Departments should also consider the use of an overall sector analysis as part of enriching their own strategies and evaluations each year. This is with the view to determining whether their programmes have met objectives as set out in the individual business plans and the MTEF, and to develop indications of impacts in terms of improvements in environmental quality.

BUILDING CAPACITY

Environmental mainstreaming will not take place until training and capacity building is provided to address the limited conceptual and technical capacity to integrate environmental concerns into an overall sustainable development paradigm – where public servants and donor desk officers have the tools with which to engage in considering and describing:

♦ the positive linkages between poverty reduction, economic efficiency and environmental protection;

♦ the achievement of an informed balance between sometimes competing and conflicting social, environmental and economic objectives.

The Environmental Capacity Building Unit (ECBU) within DEAT could be further supported to implement opportunities for public servants and donor desk officers to have greater exposure to these issues.

While funding may be available, proposal-writing skills are inadequate at all spheres of government. This needs to be improved, and is perhaps an area, which the ECBU should consider as part of its training programmes. The transaction cost involved in ensuring high quality proposals is enormous on already overstretched staff.

A sustainable development process requires informed and able contributions by all major stakeholder groupings. The present capacity for such contribution by civil society is a limiting factor. Ongoing institutional support for environmental NGOs and environmental activities within development NGOs is strongly recommended.

ELEVATING VISIBILITY OF ENVIRONMENT-POVERTY LINKS

DEAT should be supported and encouraged in effecting a survey or research aimed at developing project ideas specifically targeted at addressing environmental problems adversely and disproportionately affecting poor rural and urban people. DEAT should also seek to maximise partnerships with civil society organisations in promoting and effecting such projects.

Donors should be encouraged to support NGO and community projects and programmes addressing environmental injustices affecting poor communities.

In recognising the absence of government environmental regulatory capacity NEMA makes various provisions through which affected communities and local authorities may take action to protect and/or improve their environment. In addition to donors providing institutional support to government, it is important that the institutional capacity of civil society organisations is built so that they too may effectively play the role expected of them in the National Environmental Management Act.

MAINSTREAMING

The upcoming process of an inclusive development of a National Strategy for Sustainable Development (NSSD) is an opportunity for increased mainstreaming of environment across national strategic policy planning and implementation. Multi-stakeholder engagement in the development of the NSSD must be integral to this process. The development of the NSSD could be used an opportunity for the establishment or strengthening of more permanent multi-stakeholder structures and processes to engage in environmental policy formulation and implementation, as provided for in NEMA.

1 INTRODUCTION AND CONTEXT

1.1 SUMMARY OF TERMS OF REFERENCE

The Department of Finance (DoF), with assistance of various donor countries, has commissioned the research and drafting of a Development Co-operation Report (DCR), with the purpose of:

♦ reviewing and evaluating donor assistance to South Africa during the period 1994 -1999;
♦ developing and offering guidelines for the alignment of future Official Development Assistance (ODA) to the development priorities of the South African Government, as reflected in the social and development priorities of the Medium Term Expenditure Framework documents;
♦ exploring and recommending changes for effecting improved management, monitoring and evaluation of ODA in South Africa.

Phase I of this process provided an introductory overview. Phase II builds on phase one and includes more detailed sectoral analyses, with increased contributions and insights from the donor community and other stakeholders.

This environment study was required to investigate the ODA system from two perspectives:
♦ the extent of and challenges to mainstreaming environment into all ODA programs and projects, and
♦ to provide an overview of ODA to the environment sector with regard to types, issues, management, institutional arrangements, alignment and monitoring and evaluation, and to recommend changes with a view to improved management, control and alignment of such ODA by the South African government.

1.2 KEY OBJECTIVES AND ISSUES FOR STUDY

♦ To evaluate the extent and manner in which environmental concerns have been mainstreamed by ODA projects/programs in the period 1994-1999, especially in the planning and monitoring stages;
♦ To provide an overview evaluation and assessment of the state of Official Development Assistance to the environment sector in South Africa for the period 1994 – 1999, using the social and development priorities of the MTEF as a reference point;
♦ Taking the social and development priorities stated in the Medium Term Expenditure Framework (MTEF - 1998/1999) as reference, to make a number of recommendations. These would involve enabling improved co-ordination, alignment (with MTEF priorities), monitoring and evaluation of future Official Development Assistance (ODA) in the environment sector, as well as for the overall thematic integration and management of environmental concerns into all ODA programs.

This environment sector report serves as the basis for one chapter in the overall Development Co-operation Report being produced by International Organisation Development.

In terms of contractual arrangements we understand the client to be the International Development Co-operation (IDC) department within the National Department of Finance. We understand the beneficiaries of this report to be all the participating agencies and partners who provide, receive and use ODA.

1.3 METHODOLOGY AND APPROACH

Our brief was to approach environment from two perspectives: first to review the integration of environment as a crosscutting theme into all ODA, and second to review ODA to the environmental sector. The specific parameters of ODA to be considered in taking both approaches were:

♦ The context within which ODA to environment is taking place;
♦ Its control and alignment to national priorities;
♦ Level and nature of ODA;
♦ Impact assessment;
♦ The distribution of ODA and the monitoring and evaluation of its use and impact;
♦ The institutional arrangements to manage the ODA process.

The gathering of information and analysis entailed the following:

♦ Collection and review of key documents such as project, policy, strategy, evaluation and review documents;
♦ Collection and review of quantitative data indicating commitments and disbursements of ODA for environment over the period 1994-1998;
♦ Interviews with key donor and government agencies;
♦ Interviews with non-governmental recipients of ODA;
♦ A broad stakeholder workshop to present and test our findings and recommendations.

The thirty-five interviews conducted have served to be the most crucial aspect of our sector study compilation.

1.4 ASSUMPTIONS AND LIMITATIONS

1.4.1 Definition of environment

The multiple definitions of and approaches to environment by stakeholders is itself a significant limitation in this study. Given the dual mainstreaming and sectoral brief, every ODA project could be said, to some extent, have environmental considerations, implications and impacts.

While some ODA projects may have significant negative environmental impacts, they were not and can not be considered as environmental projects. It was

outside the scope of this review to consider the possible negative environmental impacts of various ODA projects and programmes.

This study was further limited in that it was unable to consider rural development and sustainable agriculture projects, a number of which might inherently be classified as environmental, or as having a potentially unsustainable impact.

Donor agencies themselves have diverse and varied approaches and means of categorizing projects as environmental or not. Given the diversity of classification it was left to donors to define which of their projects were environmental or not.

From the perspective of the mainstreaming brief, this study relied on reports and impressions from interviewees, and from review of various country strategy and review documents.

1.4.2 Access to and classification of financial data

The absence of a uniform definition and classification of what constitutes an environment project by various agencies has resulted in non-standardised data. Varied recording frameworks, currencies, timeframes, categories and emphases by donors have resulted in data that allows limited meaningful comparison.

While we have collected and analysed data supplied and verified by the donor agencies, gaps and inconsistencies suggest we have quantitative data that can at best be considered indicative of trends as opposed accurate and complete data that can be subjected to uniform statistical analysis and comparison.

1.4.3 Impact assessment

This study relies on qualitative impressions and reports from interviews, supported by sampling of project documents and reviews. Impact in this sense is determined by the visibility, value and sustainability of pursued outcomes in the ODA process.

From an environmental perspective, the foundation baseline from which impact should be assessed is:

♦ an enhancement in the natural resource base,
♦ decreases in pollution, and
♦ an enhancement in the quality of life of pollution-affected people or resource users.

The absence of environmental indicators and overall sectoral review and baseline information mitigates against such impact assessment.

1.4.4 Sustainability of interventions

This study was unable to consider in any depth the sustainability aspects of ODA support to environmental projects, at both community and national

institutional levels. A four-year period is insufficient from which to meaningfully determine matters of sustainability and impact.

1.4.5 Timeframes and access to information

This study is limited in extent by the time available and the December-January time-period over which the research was to be prepared and interviews conducted. Our insights were also limited by the availability of information, including the readiness and capacity of some stakeholders to provide it. We however conducted a good spread of 35 interviews and these form the qualitative basis from which we formulate many of our findings and recommendations.

2 MANY ROLE-PLAYERS AND MANY APPROACHES TO ENVIRONMENT

2.1 INTRODUCTION

South Africa's particular history and present socio-economic context, especially its great disparities in access to natural resources, provide significant challenges in mainstreaming a country approach to integrating environment and development, at local, national and international levels.

The approach of the apartheid regime to environment was focussed upon the conservation of resources within designated areas, from which it forcibly removed and excluded the majority of the population. Environmental concerns became equated with dispossession, privilege and inequity. Environmental governance outside of nature reserves was fragmented, ineffective and consciously separated from and subjugated to processes of economic development in the interests of the white elite – with significant negative consequences for the health and economic well-being of the poor majority.

Apartheid's environmental toll includes declining soil fertility, declining fish stocks, health-threatening air, ground and water pollution, all with long-term health, productivity and clean-up costs. A USAID analysis of South Africa's environmental sector summarises that; 'South Africa appears to have a quite high level of economic and health losses related to environmental problems', quoting Development Bank estimates that quantifiable losses due to environmental degradation amounted to six percent of GDP annually[1]. The greater parts of these externalised costs are invariably visited upon the poor, and they become a visible expression of social inequity.

South Africa has a particular conservation history, and there is ongoing international north-south tensions concerning debt, development, trade and environment. This means that environmental concerns in South Africa suffer from a perception that environment is a first world, white middle-class issue not

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[1] Annex E (1996) *South Africa Environmental Sector.* USAID/South Africa Country Strategy.

relevant to, or which probably undermines the achievement of national priorities for economic development and social justice.

Since 1994, there have been revolutionary and significant changes in the constitutional, institutional, policy and legislative approach to environment in South Africa. Such changes and their effects take longer than five years to manifest and stabilise, and are ongoing and continually being shaped in the manner of their expression and formulation.

An analysis of ODA for environment to South Africa over this same period has to be contextualised within some description of the institutional and legislative changes and challenges occurring. The bulk of chapter two therefore presents an outline of this interface of multiple role-players and multiple approaches to environment. It begins with a brief examination of the international context shaping the decision making of both the government and donor community in South Africa. It then goes on to examine the institutional structures of environmental policy making in South Africa and the alignment of environmental policy to national priorities.

2.2 INTERNATIONAL CONTEXT

This section briefly examines the international environmental context shaping the decision making of the government and donor community in South Africa.

The confines of this report only allow for a cursory examination of some of the current international environment trends. Three key trends are very briefly considered which are seen to be particularly pertinent to understanding the South African context: these are links between environment and development; global governance and environmental threats; and the emergence of strategies for sustainable development.

2.2.1 Environment and development

Over the last twenty years, there has been a growing realisation within the international community of the impacts of environmental problems on the wealth of a nation. For example: environmental factors are responsible for almost a quarter of all diseases in developing countries[2]; soil degradation is estimated to effect some 1,9000 million hectares of land globally[3]; and water scarcity and pollution is impacting on water use options, health and security in many places around the world, including South Africa. All of these environmental threats and hazards impact on the social and economic growth of a nation. They also disproportionately impact on the poor.

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[2] For example, 90% of diarrhoeal disease is attributable to environmental factors. Estimates suggest that indoor air pollution caused by indoor cooking and heating using traditional fuels has led to the deaths of four million infants and children a year through acute respiratory disease. As many as 25 million agricultural workers may be poisoned each year by misuse of pesticides. 'World resources: a guide to the global enviroment 1998-9' WRI et al, 1997
[3] 'Environment Sustainability and Eliminating Poverty' DFID 2000

These problems cannot be treated in isolation. Environmental problems are multi causal and linked to a number of factors. These include income inequalities and unsustainable consumption; market failures which causes goods and services related the environment to be undervalued; and ineffective governance in which environment is neglected and not mainstreamed across national policies and programmes.

However, while these linkages between environment and development are increasingly being recognised, the added value of integrating environmental issues into national strategic planning and policy is not yet fully understood or acted on in most countries around the world. Environment departments tend to be one of the weakest in government and fail to offer strong leadership to ensure the mainstreaming of environmental issues across government. Likewise the donor community, despite policy commitments to the contrary, is failing to effectively mainstream the environment into programmes and projects. These international trends are generally reflected in South Africa as will be examined further in this report.

2.2.2 Global governance and environmental issues

Environmental problems do not respect national boundaries. For example, air pollution in South Africa can lead to health impacts elsewhere in Southern Africa; the production and release of ozone depleting substances from China can cause skin cancer in Latin America; loss of biodiversity in Brazil contributes to climate change globally. Recognition of global environmental problems such as biodiversity loss, ozone depletion and climate change has resulted in global agreements to manage these threats.

These international agreements are contested territory with responsibilities and commitments of signatories fiercely debated. The ongoing negotiations around national commitments to combat climate change show that the conventions have become key sites of struggle between north and south agendas; between imperatives towards global governance and rights of national sovereignty; and over contested definitions of environment and development. Central to this debate is the contention that the costs and consequences of addressing environmental problems, largely created in the North, are not only being displaced to the 'underdeveloped' regions but also to future generations.

South Africa is signatory to 17 of the multilateral environmental agreements. Its participation in these conventions is critical both in contributing to ensuring that the agreement is effective and in making sure that its needs and interests are represented. However, being a signatory to these agreements is demanding. As this report explains, preparation for and participation in negations is extremely resource intensive and have placed enormous demands on DEAT; national capacity to meet commitments made at conventions can be lacking; and action required under the convention may not be perceived as a priority, for example, climate change did not make the list of priorities presented by DEAT to donors this year.

In addition, globalisation of trade places an impetus for appropriate environmental policies and legislation in South Africa so that increased

economic activity from trade liberalisation does not lead to environmental damage. Again, while South Africa has much to gain from increased trade, its capacity to ensure that its environmental interests are properly represented at the World Trade Organisation is limited, (ie in negotiations over intellectual property rights affecting genetic resources form animals and plants). It also has limited capacity to respond to the speed of rapid trade liberalisation (ie having enough time to put in place and enact an appropriate environmental regulatory framework).

These pressures from globalisation trends raise a number of issues pertinent to this report and will be discussed further. These include:

♦ contested definitions of environment and development raised by donors and South African environmental institutions;
♦ conflicting agendas of donors and government, for example around trade/environment;
♦ issues of capacity of government to respond to environmental imperatives; and issues around the democratic nature of the environment dialogue in South Africa, given the rapidly shrinking funding base of South African environmental NGOs.

2.2.3 Strategies for sustainable development

The inter-relatedness of environmental problems and development was formally recognised in the UN Conference on Environment and Development in 1992. The conference agreed on Agenda 21, an agenda for action on sustainable development for the 21st century. The conference also agreed the first international development target for environment, which states: 'there should be a current national strategy for sustainable development in the process of implementation in every country by 2005, so as to ensure that current trends in the losses of environmental resources are effectively reversed at both global and national level by 2015'[4]

While it is generally agreed that the second half of this target is highly ambitious, the commitment to developing national strategies for sustainable development has been taken seriously by the Development Assistance Committee of the OECD (DAC).

In 1997, the United Nations General Assembly Special Session decided that in addition: 'By the year 2002, the formulation and elaboration of NSSDs which reflect the contributions and responsibilities of all interested parties should be completed in all countries with assistance provided, as appropriate, through international co-operation'

Strategies for sustainable development are a process to enable the mainstreaming of environmental issues across government. These strategies are not intended as a new planning process, but as a tool:

♦ to review existing strategic planning processes across government;

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[4] 'Shaping the 21st century: the contribution of development co-operation' OECD 1996

♦ to identify opportunities and constraints to holistic planning and implementation; and

♦ to help identify priorities for strengthening this process. It is a process that is expected to elicit active participation from key government departments, including trade and industry and finance, as well as strong participation from the private sector, labour and civil society groups.

If properly resourced and capacitated, the strategies for sustainable development offer a key opportunity for strengthening a nation's environmental governance framework and mainstreaming environmental issues across government. Countries as diverse as the UK, Bolivia, Ghana and Romania are undertaking the process.

South Africa has just begun to define its process for its strategy for sustainable development and will report on its progress in the Rio+10 conference in 2002. As a process internationally receiving support from donors led by the OECD/DAC, the opportunities as a mainstreaming process in South Africa and possible synergies with donor assistance are explored in this report.

2.3 ENVIRONMENTAL GOVERNANCE IN SOUTH AFRICA

The remainder of this chapter outlines the institutional and policy context of environmental governance in South Africa. This section outlines a national context from which matters of alignment and impact of ODA for environment are considered in chapter three.

2.3.1 Definition of environment in the South African context

It is almost impossible to come up with a consensus position as regards an acceptable definition of the environment. In fact, when conducting interviews we were repeatedly asked as to what we mean by this. Some donors see environment as a distinct area, others see it as cross-sectoral.

The difficulty in defining the parameters of what constitutes environmental ODA arises from environment being inextricably linked to social, economic and development activities. DFID for instance, under the auspices of the New DIFD White Paper and its country strategy, takes the approach of first considering the development activity that needs to be addressed to meet certain sustainable livelihoods objectives. Then, within the scope of this activity it decides what kind of environmental intervention is required. It could be argued that in retrospect most donors have this approach anyway, but where donors choose to make environmental activities quite distinct, they do not preclude, in so doing, the integration of environmental issues to assist with desired development outcomes.

Most development projects are likely to have some impact on the environment. Some ODA-supported infrastructure or agriculture projects, for example, can have significant negative impacts upon the environment. While these may not be considered as environmental projects, they require significant environmental consideration in terms of longer-term costs and benefits.

For the purposes of this study we have been guided by the definition of environment as it is articulated in the National Environmental Management Act (NEMA, 1998). The definition given is as follows: 'environment' means the surroundings within which humans exist and that are made of:

♦ the land, water and atmosphere of the earth;
♦ micro-organisms, plant and animal life;
♦ any part or combination of (I) and (II) and the interrelationships among and between them; and
♦ the physical, chemical, aesthetic and cultural properties and conditions of the foregoing that influence human health and well-being

The NEMA definition is the *de facto* definition for the South African government as enshrined in the Act. It is important to note that these definitions are consistent with definitions contained in other international agreements and text. The Brundtland report also pointed to the interdependence and relationship between economics, environment and development. This is usefully captured in a key Rio Declaration (1992) principle: 'That environmental policy should be an integrated part of development policy'.

2.3.2 Origins of the new environmental approaches

New environmental thinking is reflected or embodied in NEMA. NEMA's origins can be traced back to 1993 when the ANC and its allies took formal action in taking stock of and further developing their own perspectives with regard to environment and sustainable development.

An international Environmental Policy Mission was established, comprised of various international experts, as well as environmentally active people drawn from the broad ranks of the ANC, COSATU, SANCO and the SACP. The work of this mission is regarded as significant in that it gathered opinions and views from a diverse range of experts and stakeholders in South Africa. More importantly it shaped the ruling party's own approach and thinking on environmental issues.

With many of the Mission's members later occupying key roles in government and the NGO sector, these perspectives gained ascendancy within the policy environment. This also influenced approaches to implementation. It could be argued that the kernel of many of the ideas being pursued currently originated from the ANC policy mission.

While not explicitly stated in this form, the key issues that the Mission had to grapple with were raising the profile of environmental issues in the country and promoting their 'mainstreaming', or integration into the development debate.

Following the Mission, and with a great deal of lobbying, the Consultative National Environment Policy Process (CONNEP) was established. CONNEPP provided an umbrella policy and extensive inclusive participatory process which comprised a process of widespread national consultation with all the relevant stakeholders concerned with environmental issues by means of national and provincial conferences aimed at identifying priority environmental issues, principles and objectives for environmental management and governance. The

CONNEP process led to the National White Paper on Environmental Management and NEMA, giving both instruments a high degree of legitimacy.

NEMA sets out as an over-arching intention the achievement of sustainable development goals. However, what remains absent is a concrete national action plan for sustainable development. Many would argue that such a strategy should be combined with a National Commission for Sustainable Development to ensure that environmental issues are more publicly articulated and integrated into the country's development discourse and agenda. The fact that such an institution does not exist is regarded by some as a reflection of the poor political profile given to the notion of sustainable development.

The objective of sustainable development, however, is evident in various instruments and policies that are in existence. Although there has been no profiled and active public dialogue on the process of defining and determining a path of 'sustainable development' until May this year, many of the South African government's statements of intent and activities are resonant with key aspects of Agenda 21.

2.4 THE INSTITUTIONAL SETTING FOR ENVIRONMENTAL MANAGEMENT

2.4.1 Introducing the Constitution

The basis for South Africa's environmental institutional setting is the constitution, which has assigned environmental functions as a concurrent power across different spheres of government. The Constitution grants South Africans the right:

- ♦ to an environment that is not harmful to their health and well-being;
- ♦ to have the environment protected for the benefit of present and future generations through reasonable legislative and other measures that:
  - prevent pollution and ecological degradation;
  - promote conservation; and
  - secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

Institutional arrangements and powers are set out in Schedules 4 and 5 of the Constitution. Numerous environment-related functions are the domain of more than one sphere of government, defined as concurrent powers shared by national, provincial and local government. Such an institutional context makes the co-ordination and integration of environmental issues far more complex and burdensome and does pose a significant challenge in establishing conditions for effective monitoring and alignment with national priorities.

In addition to a number of the nine new provinces having to integrate former homeland administrations, and keep these staff employed, the concurrent environmental management function required the establishment of entirely new departments responsible for environmental affairs.

There was no additional budget specifically provided by national government to the provinces for the establishment of such functions. The implication of this was that the existing provincial conservation budgets seemed the most likely source.

The established nature conservation functions in some provinces sought to protect their threatened and diminishing financial base, and actively sought to keep an institutional distance from newly establishing environmental functions.

The multiple and serial restructuring of environmental governance functions in the provinces even resulted in the complete administrative separation of nature conservation and environment functions, where they were allocated to different departments and MECs.

One province did not establish an environment department for a number of years, while some others seconded one or two staff members from nature conservation services. A relatively well-resourced province such as Gauteng that did not have the additional challenge of integrating former homeland conservation administrations was able to lay the foundation for the most functional of provincial environmental offices.

In the absence of dedicated national budgetary assistance, very limited technical assistance, and no common national guiding vision, there have been significant differences in approach and implementation of environmental functions across provinces. The capacity of a number of provinces to effect the required environmental governance functions is almost absent. The capacity of the national department to intervene is also severely limited.

2.4.2 Horizontal and vertical fragmentation

Horizontal and vertical fragmentation is reflected not only in the institutional arrangements, but also in the legislative framework. This has resulted in inconsistent and largely unco-ordinated policy development, and a legislative framework that has not been harmonized.

A good example of this is the implementation of the CITES Convention. With responsibility for oversight of the CITES Convention the national government delegated authorisations to the provinces without a clear legislative and policy framework.

Presently, provincial conservation ordinances designed to regulate trade in wildlife contain disabling loopholes as different provinces have different policy and legal regimes governing permitting and regulation of this trade. These loopholes have enabled traders in wildlife to 'play-off' one province against the other, or obtain permission from one province when the other had refused it a permit. This underscores both the problems of incoherent legislation, but also the fact that if management systems are not linked leading to problems in enforcement or regulatory oversight.

At the national level, the DEAT is legally recognised as the lead agency for environment. However, the *de facto* situation is that it also shares such powers with DWAF, the DME, Land Affairs and Agriculture, and other relevant

departments, who are loathe to 'hand-over' authority they have either inherited in the past or legislated for under the new constitutional framework.

Departments such as mineral and energy are required to both promote mining and regulate and minimize its environmental impact and ensure rehabilitation. Issues of energy, coal mining and climate change are also potentially conflicted areas from an environmental perspective. A similar tension exists in the function of the department of agriculture to promote pesticide and fertilizer usage and also regulate for their environmental impact.

The result has been and is still that horizontal fragmentation prevails. This horizontal fragmentation is likely to continue so long as legislative power and oversight is the function of Ministries dealing with a variety of natural resources such as water, energy, land and minerals. More so if the lead agency is perceived to not have the appropriate capacity to manage such obligations.

The situation with provincial and local governments can best be described as desperate. At provincial and local level it is not only the issue of co-ordination, and sharing of responsibility with the national department, but far more fundamental is the level of prioritisation of environmental concerns by the provincial governments themselves.

In the poorer provinces such as the Northern Province and Eastern Cape, environment in general has been given secondary roles and is reflected both in terms of budget allocations and the way in which political processes have tended to marginalize these functions.

Processes of political change and transformation have affected provincial and local governments more so than that of national departments. For instance in some provinces since 1994, complete restructuring and splitting of environmental and conservation functions have taken place at least 2-3 times. This would be initiated when a new MEC was appointed resulting in either mergers with, or being subsumed under, agriculture, tourism, health, economic affairs, traditional affairs, and even the complete separation of conservation functions from environmental components.

The environment function across provinces resides at different levels of authority (and capacity). National co-ordination is further hampered by this significant fragmentation and levels of placement of environmental functions within provinces.

At local government level, the major metropolitan centres have some core environmental functions, and in the case of the Johannesburg metropolitan council there is a close link with the planning section. However, environmental units are small and poorly funded to carry out their full mandates. Integration of environment into other sectoral components is still a slow process. In general, the rural local councils and smaller local authorities simply have no resources or capacity to carry out any environmental role whatsoever.

2.4.3 Co-ordination and integration

The National Environmental Management Act of 1998 is the first piece of legislation to designate a lead agency responsible for all environmental co-ordination in the country. DEAT has also been given the responsibility for compiling a national report on the implementation of Agenda 21, which is to be submitted regularly to the Commission for Sustainable Development (CSD) of the United Nations.

The DEAT as lead agency is also subject to and immersed within a complex matrix of political institutions from which it is meant to co-ordinate environmental policy and its implementation horizontally and vertically within government. The major instrument for vertical integration is the National Minister's and MECs (MinMEC) meetings chaired by the Minister. This is the forum for the meeting of political heads from the provinces and the national Ministry focused in the policy and political aspects related to environmental issues. The MinMEC is supported technically and in an advisory capacity by the MinTECH, which is a body or forum comprising all the administrative heads of the national and provincial departments concerned with environment. The function of MinTECH is to prepare positions of various environmental issues for ratification and final decision by the MinMEC. Above the MinMEC lie cabinet cluster groups, where environment has been allocated to the Economic, Investment and International relations clusters. These are important policy making institutions and ideally should set and clearly co-ordinate environmental priorities across different institutions of government.

2.4.4 Budgets for environmental functions

The broad cross-cutting nature and uneven spread of resources to environmental functions within government (both vertically and horizontally) renders it beyond the scope of this evaluation to calculate a universal composite figure on government budget allocation to environment functions. However, a number of comments can be made.

Government budget allocation to DEAT has traditionally been below 0.2% of national budget expenditure, with 1998/99 figures amounting to R404 million (0.197% of a total national budget expenditure of R204 293 million).[5] During the period 1995-1999 the environment budget of DEAT grew at an average of 7.5%, which, taking inflation into account, is close to negative or no growth.

Government priority to tourism promotion, poverty relief and job creation via waste management projects over the medium-term is evident in the impending budget boost to DEAT. The projected growth in DEAT budget for the period 98/99 – 00/01 is 17.8%. While comparing percentage increases can be misleading, it is informative of priority adjustments in constant expenditure by government. The percentage increase in budget allocation to DEAT for 99/00 – to 00/01 is only surpassed by a 29.4% increase to Statistics SA, and a 25.6% increase to the Public Service Commission.

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[5] Department of Finance Budget Review. (1999). Pages 126-127.

The medium-term estimate for DEATs 2001/2002 budget is further significantly expanded in one year from R496 million to R661 million, taking it up to 0.267% of projected national budget expenditure.

While the bulk of these budget increases are targeted for tourism promotion and associated infrastructure development, a noticeable proportion stems from poverty relief funds to be channelled through DEAT for job creation projects in the form of community-based waste management projects. A further proportion of the increased allocation will be targeting cultural heritage development.[6]

While DEAT started off very slowly from 1994 in establishing ODA partnerships, recent years have seen rapid growth in the extent of official engagement with donor countries. DEAT estimates that ODA contributions form 20% of their 99/00 budget.[7] Incomplete DEAT figures calculated in December 1999 show future ODA commitments for the next few years already totalling in excess of R360 million. These figures will be discussed in more detail in chapter four. The Department of Water Affairs and Forestry (DWAF) has significant environmental functions (including a difficult shared regulation of waste management with DEAT), and has an annual budget that is six to seven times greater than that of DEAT.

The provincial governments themselves determine the allocation of budgets for environmental functions at the provincial level.

2.4.5 Restructuring and transformation

While various policy processes were being publicly undertaken, a great deal of change and transition was taking place within the National Ministry and Department. During the period 1994-1999, the DEAT went through three Ministers, three deputy ministers, three directors general, and a process of internal transformation and restructuring which is still not complete. With the new Minister, there is also a predominant focus on tourism, and the 'mainstreaming' of tourism in almost all components of the DEAT's work.

This period of change and transition had impacts on the way policy was made, and the choice of policy priorities. It would seem that no sooner a new Minister and DG came on board, new priorities and a re-positioning of the DEAT took place. This had the effect of creating uncertainty and confusion. Often projects/programmes would get started, only to be changed significantly, or abandoned.

2.4.6 The development of programmatic approaches

A key feature of the transformation process is that a new vision and goal for the DEAT was formulated. In addition, there is a move away from project-based approach to the development of over-arching programs to streamline activities and achieve greater integration of DEAT functions in line with national objectives. For instance a good example of the programmatic approach is the

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[6] Pers com. Ms Christelle van der Merwe, Director in the Director General's Office of DEAT.
[7] Ibid.

creation of the Environmental Capacity Building Unit (ECBU) and the Law Reform Process.

The Environmental Law Reform Process: Different law reform initiatives in the department are now subsumed under one umbrella programme to ensure coherence in scheduling of new laws or legal reforms for the parliamentary processes. The law reform process is a departmental priority project that extends over a three-year period: 1999-2001. The key objectives of the Law Reform Process are:

♦ Give effect to Constitutional obligations
♦ Translate adopted policies into relevant legislation
♦ Give effect to NEMA;
♦ Eliminate as far as possible fragmentation of legislation and achieve integration,
♦ Ensure DEAT legislation promotes sustainable development
♦ Give effect to international obligations
♦ Ensure synchronisation of sectoral laws with NEMA;

The Environmental Capacity Building Unit: The idea of the ECBU is to facilitate capacity building for national, provincial and local governments so as to strengthen these institutions in the implementation of their core functions. The ECBU is already functional and its major drive in the first and second year is to provide support in the implementation of EIAs and Waste Management.

Once again, the ECBU is a reflection of the prevailing thinking that the national department must be active in developing the appropriate support services to enhance capacity and delivery at the provincial and local levels of government. The ECBU is also a good example of where donor funds are meant to 'kick-start' a process, with the department then bringing the ECBU within its own budgetary framework giving the initiative more stability and sustainability in the long-term.

Both these examples would suggest that the DEAT is already demonstrating the benefits of its new programmatic approach. The programmatic approach has enabled a clear definition of priorities, time-frames, and has given donors a firmer basis from which to provide assistance where the impact of their assistance would be more visible and assured. In addition, the programmatic approach has given the lead agency a platform to streamline assistance to the provinces and local government. The ECBU's work with regard to supporting EIAs and the implementation of waste management are cases in point.

2.4.7 The DEAT in relationship to overall national priorities

In terms of national priorities, DEAT's overall aim is to contribute to sustainable development for all, inter-alia by addressing poverty alleviation, equitable access to environmental resources and redressing past environmental injustices, and in so doing contribute to the overriding government goal of securing 'peace, democracy and human rights'. The environmental ambit of the restructured DEAT's work fall within four main themes. These are:

♦ Marine and Coastal Resources,

- Biodiversity and Heritage,
- Environmental Quality and Protection,
- Environmental Co-ordination and communication.

In terms of its strategy document DEAT identifies for itself and the environment sector as a whole the following key challenges:

- To contribute to the Government's over-arching goal of creating 'a Better Life for All' and to make a significant contribution through our programmes and projects to the African Renaissance Initiative;
- To directly contribute to job creation and fulfill of objectives set out in the Job Summit;
- To contribute effectively to the Rural Development Strategy through tourism, natural resource management, SDIs, etc;
- Given the SDI programmes and DEAT's involvement there, there is emphasis now being placed on regional co-operation;
- To change the perception that the department and the environment is only concerned with green issues to that of a department that facilitates sustainable development through job creation, better co-ordination of effort within government, local natural resource management and tourism development.

3   LEVEL AND NATURE OF ODA FOR ENVIRONMENT

3.1 INTRODUCTION

The issue of ownership and control of ODA is important in determining to whose and which priorities such aid is aligned. The single largest factor impacting upon the extent and location of control and ownership of ODA for the environment to South Africa over the first five years has been an overall institutional incapacity on the part of DEAT. Individually, the organizational capacity of donors has been uneven. Collectively, poor donor co-operation and co-ordination has placed a great strain on emerging government capacity to effect a coherent and organized approach to utilizing ODA.

An overall picture emerges of the first five years of environment ODA in which it seems there was limited effective ownership and control by any party in particular. The DEAT itself has taken the best part of the last five years to conceptualize and align its own operations such that they begin to address and contribute to national priorities of job creation, economic growth, redistribution and poverty alleviation.

Given the potential policy conditionalities, trade, employment and international implications of ODA projects in environment, DEAT officials have been understandably cautious in engaging in some areas of potential ODA support. ODA projects concerning 'sink' issues such as pollution control and climate change have been few and slow in development. Less economically contentious conservation projects have been more plentiful as there has been existing absorptive capacity, and they resonate with the global priority of biodiversity conservation. Whether, and in what manner, these projects promote poverty alleviation and job creation is

another issue which, due to the paucity of monitoring systems, there is no clear definitive answer.

3.2 OWNERSHIP AND ALIGNMENT

That there is an ongoing need to reflect on matters of ownership, control and alignment of ODA is an explicit and necessary acknowledgement of the dynamic structural and power antecedents inherent in defining ODA relationships.

From the South African Government perspective there is clear acknowledgement of the need to reflect and learn from this initial five-year transitional period. This evaluation seeks to identify key factors, internal and external, that if better managed, will enhance the value and effectiveness of future ODA opportunities for South Africa.

From the donor perspective, there is a growing international recognition of key conditions under which aid cannot be effective. General donor experience and learning emanating from the World Bank, as expressed in the Comprehensive Development Framework, emphasize that ODA projects have increasing chances of success if they are initiated and owned by the recipient agencies. The extent to which the host country is invested in and capable of taking a leadership role (control) in defining and implementing programs and projects is a key determining factor of success.

ODA to South Africa for the period 1994 – 1998 was generally framed in the context of transitional assistance to a middle-income country with a potentially destabilizing gap in income distribution. Most donor countries surveyed, with perhaps the exception of the trade focus of the United States, target poverty alleviation as their primary purpose in providing ODA.

Being a society in transition, South Africa faces demanding multiple change and development challenges. Unlike many other post-conflict societies in transition, South Africa is less dependent upon development assistance as a key fulcrum and catalyst around which such change is effected. While this does enable greater space for assertion of influence over the manner in which ODA is used and directed, this opportunity was not realized in the first five years.[8]

With the coming into being of the new government, alignment of donor-funded projects with national government priorities was non-existent. In fact, if they did align, as one donor pointed out, then it must have been as a result of complete luck and nothing more. A kind of hit and miss situation prevailed. The lack of a clear set of policies between 1994 -1996 meant that this process of alignment was difficult. In 1997-1999, several policy documents were generated by DEAT, DWAF, DME, and DLA all of which began to provide direction on environmental issues and guide donor funding to environmental priorities, but all were not necessarily clearly linked to socio-economic priorities.

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[8] This is a common experience of OECD donor countries with 'developing' countries, with one UNDP assessment finding only 27% of environmental projects were established as a result of demand-driven requests from national institutions – OECD DAC Working Party on Aid Evaluation. *Donor support for institutional capacity development in Environment: Lessons Learnt* (1999).

One of the reasons DWAF was popular with environmental donors was because it was clear that the provision of water supply was a national government priority. The national signals on other environmental issues were not so clear, and the persistence of some donors with the inertia in DEAT was perhaps more a function of their having to pursue their own national mandates for spending ODA on environment.

In the absence of higher political injunctions, DEAT has been unable to take a lead in developing a framework vision or policy (National Sustainable Development Strategy) that articulates and integrates its environmental mandate with the other socio-economic pillars that together constitute and define sustainable development. The Department of Trade and Industry, for example, which has an environment sub-directorate, is still not represented on the Committee for Environmental Co-ordination.

In this sense, staff in DEAT and staff with environmental responsibilities in other departments have not been afforded a clearly articulated policy vision that describes an integrated approach to economic growth, employment, redistribution of resources, and environmental protection. Differences of perception and understanding across departments could result in environmental protection initiatives being criticized for potentially preventing economic development or job creation. There is presently little capacity for considered debate in which the full social and environmental costs of various possible courses of action are considered and integrated throughout the project cycle.

It has taken DEAT most of five years to begin to integrate its own thinking around environment into the mainstream priorities of national development. If ODA projects to environment were aligned with national priorities, these were not through direction from DEAT, but because of donors' own priorities towards poverty alleviation and sensitivity to expressed priorities of the national government.

For donor desk officers with no environmental training and conservation-trained government officials, designing and selecting environmental projects that centrally contribute to poverty alleviation, job creation or economic growth was a complex and not often successfully integrated challenge. A number of donors who themselves did not have accessible environmental expertise, but were required to spend money on environment, landed up backing projects more because they were likely to be successfully implemented with minimum effort on their part.

Donor projects to environment also were directed to where they could be absorbed, to where there was already capacity. DEAT and provincial government officials in conservation were able to generate project ideas and proposals for further conservation projects.

All project proposals emanating from DEAT now need to 'consider' a set of ten questions related to alignment with national priorities.

**Department of Environmental Affairs and Tourism
Ten Points to consider when compiling a project
proposal for donor funding ('start-up capital')**

1. How does this project fit in with the National Strategy and how does this project contribute to achieving the overall goal?

2. What foreign institutional linkages have been made prior to the development of a project proposal?

3. What local institutional linkages have been made and what role will historically disadvantaged institutions play in this project?

4. How will this project contribute to poverty alleviation and sustainable job creation?

5. How does this project address gender issues?

6. How will this project contribute to promoting sustainable rural socio-economic development?

7. How will this project be of mutual benefit to both parties?

8. Does this project have any potential for SADC involvement?

9. What is the sustainability of this project beyond the funding?

10. What is the potential for future bilateral co-operation (ie technology transfer, investment, joint ventures, and trade) as a result of this project?

The above points do not appear to have been developed further, for example, explaining what 'the national strategy' is and how it may be related to environmental programs and projects. While staff are required to consider the above points, it does not appear as if DEAT has yet developed systems for using it in prioritizing proposed projects.

DANCED's approach to achieving alignment

After a period of three years of funding to South Africa, DANCED reviewed its activities. To make its funding more coherent, in 1997 DANCED formulated a Country Programme spelling out DANCED's and the recipient country's priorities. The development of the Country Programme involved:

♦ The review and analysis of DANCED support between 1995-1997;

♦ An analysis of South African government initiatives in environmental policy and implementation since 1994; and

♦ The evaluation of funding sources in government and from donor agencies in the same period.

Using the Country Program as a vehicle DANCED also engaged the relevant departments in identifying key objectives and priorities for those themes and areas that fall within the DANCED framework.

In so doing using the Country Programme as the basis for alignment and a guide for applicants to use when applying for funds. In addition, DANCED also established other than the annual consultation meetings in 1997 a Program Steering Committee (PSC) to oversee the implementation of the Country Program.

The PSC is chaired by the lead agency for environment which in this case is the DEAT, and its members comprise the key national Departments such as Finance, DWAF, Housing, DME, DLA, DTI, and provincial and local government partners where DANCED is implementing projects.

The PSC is regarded as a useful vehicle for developing a pipeline of projects that are reviewed by the PSC and then presented at the annual consultation for final ratification.[9] Some of the merits of the PSC system are:

♦ Use the Country Programme to guide proposal development in accordance with the agreement of priorities jointly decided upon by the South African and Danish Government.

♦ Through this vehicle various departments are forced to sit and discuss potential overlaps and areas of conflict, an activity that otherwise would not normally occur.

♦ Ensure a pipeline of projects that are approved by senior officials.

DANCED has also developed a comprehensive checklist of criteria on gender, poverty alleviation and job creation by which all projects are interrogated and monitored.

3.3 MAINSTREAMING THE ENVIRONMENT

Mainstreaming the environment is understood to be the process of assessing the environmental implications of any planned action in any area and at all levels, making these integral to the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres.

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[9] The general procedure is that at the Annual meetings projects supported for the past year are discussed in terms of progress made. Donors present what they would like to fund for the next year. The Department then prepares a business plan for the funder, which is signed off by the DG and the IDC. The IDC has the powers to sign donor agreements on a delegated basis on behalf of the President. The donor receives the business plan and funds a Mission to appraise the business plan and develop a project document for funding.

While any mainstreaming of the environment is required to have a champion agency and ministry, a successful state of mainstreaming the environment would imply the integration of environmental considerations by all government agencies into all of their actions.

In this context, the process of 'mainstreaming the environment' requires actions by lead agencies to articulate and strengthen throughout government and the development process, the positive linkages between poverty reduction, economic efficiency and environmental protection.

In effect, the largest mainstreaming that has taken place has been the lead agency for environment attempting to mainstream poverty and job creation issues into its environment mandate. If there is to be any mainstreaming of environment into development issues, this is required to take place within the framework and discourse of development, poverty alleviation and job creation. There has been a rather more limited visible effort at mainstreaming environment into development.

3.3.1 Mainstreaming environmental actions under the MTEF

The first five years of the DEAT's existence can be characterised as a predominant engagement with policy and strategy issues. In that period too there was an attempt at redirecting the focus not only to resource management and protection, but more recently to job creation and economic development. This emphasis on jobs is associated with the Job Summit of October 1998 which obliged government agencies to find innovative ways of creating new sources of employment, especially in the SMME range. This also partly explains the DEAT's greater shift towards tourism and a 'development speak'.

Several of the programme areas lend themselves well to this arrangement. These are tourism, marine and coastal resource management, waste management, and commercially-oriented biodiversity issues. In effect the DEAT has to demonstrate how environmental management contributes to meeting the development priorities of the country. What the World Bank would describe as 'building on the positive linkages between poverty reduction, economic efficiency, and environmental protection'.[10]

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[10] Promoting environmental sustainability in development – an evaluation of the World Bank's performance: Approach Paper. http://www.worldbank.org

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**Mainstreaming environment
into development – Land Affairs**

The attempt to innovatively accommodate integration of environmental issues in development is for example demonstrated by the Land Reform process.

The approach taken by the DLA is to ensure that by training all its officers involved in the delivery of land reform they are familiar with environmental issues, environmental policy and legislation in South Africa. A user-friendly manual that guides officers in their day-to-day work facilitates the hands-on approach to environmental issues. The manual contains a menu of issues to look for, how to develop environmental indicators, and how to deal with environmental problems.

At the broader context of political and social reform, the language of development was initially encapsulated in the Reconstruction and Development Programme (RDP). In fact, the RDP base document provided a platform for a range of environmental priorities to be taken on board.

When the RDP Office and Ministry was dissolved the Growth, Employment and Redistribution Strategy (GEAR) began to gain ascendancy, and is now the *de facto* macro-economic framework guiding government policy. GEAR provides potentially both opportunities and constraints to the implementation of environmental issues.

The observations we have are that the MTEF is still not translated and used consciously within the environment sector to determine programme and funding priorities. The national department, which previously did not work within a developmental people-centred framework, is struggling to make the leap from seeing issues purely from an environmental point of view to integrating and prioritising environmental protection that addresses the development priorities of the country. In the same manner, there are a number of donor agencies whose absence of local desk environmental expertise and capacity has a similar marginalizing effect on their approach to environment.

3.3.2 Mainstreaming through the legal framework

The framework for increasing integration of environmental considerations in the development process already exists. Whereas, before 1997, when there were no statutory EIA requirements in existence, the incorporation of any environmental issues in development projects was purely voluntary, and usually in response to any expressed public concern.

As the capacity to implement the legal framework improves across all line departments, so will greater incorporation of environmental concerns become evident. The framework obliges all development projects not to ignore environmental risk and damage. The consideration of environmental impacts were partially expressed in mining, forestry, water legislation, and the Development Facilitation Act.

The processes around the formulation of land development objectives (LDOs) is also an attempt to ensure that environmental priorities in a given locality influence development and planning decision making. The LDOs would then contribute to budgetary prioritisation articulated through the Integrated Development Plans (IDPs). Given the range of legal and policy provisions, one would be hard pressed to argue that the framework is not adequate. Perhaps the more important issue to be concerned about is whether sufficient capacity and expertise exists to evaluate and manage environmental issues that need opinion and technical support when implementing EIAs, and other statutory obligations. This is perhaps where the greatest problems are beginning to emerge.

So, it could be argued that consideration of environmental concerns is to some extent being mainstreamed within government policy and legislation. When and if this happens in practice is dependent not only upon matters of sufficient human resource capacity with appropriate conceptual and technical capacity, it is also largely subject to political solutions determined from competing and conflicting objectives.

The challenge to resolve capacity problems

A major problem in the environment sector that needs to be addressed is the lack of capacity in the public sector in South Africa to carry out its statutory duties with respect to good environmental governance to ensure that citizens have the environmental rights guaranteed to them in the Constitution. There are now well-defined environmental policies but not enough capacity to implement them.

Capacity building in the public sector is defined not only as the education and training of the human resources, but also institutional capacity building, in the sense of strengthening the institutions of government to carry out their mandates effectively.

Good environmental governance requires extensive co-operation between different departments and levels of government, which depends on the effective functioning of established co-ordinating mechanisms to facilitate information exchange and joint action.

Capacity building also needs to solve the problem of fragmentation of environmental policies and functions, and to build bridges between departments and governments.

The most immediate cause of the lack of capacity in the provincial public sector is that the creation of nine provinces under the Constitution meant that limited resources had to be dispersed more widely. This is in the context where provincial governments have to deal with new boundaries, new functions, new departmental structures, new legislative assemblies, new policy development, and a new set of responsibilities with respect to co-ordination and concurrent powers.

The limitations of capacity became increasingly evident with the release of the EIA regulations in late 1997. Further capacity limitations across

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government are being tested by the National Environmental Management Act, which requires departments and provinces to produce Environmental Implementation Plans.

A similar problem of capacity exists at local government level. In many of the urban centers such as Cape Town, Durban, Pretoria and Johannesburg, environmental management units have been created but with a skeletal staffing profile.

There is also a horizontal fragmentation of environmental functions within some of these local metropoles. Yet, these institutions are expected to carry out the constitutional competencies allocated to them. While the environmental units lack staff, there are staff at local government level who are part of the environmental health, planning and engineering units, which, with the right training orientation can fulfil the capacity needed to manage new legislative obligations.

The combined effects of these constitutional, policy and administrative changes has placed the public sector, particularly the provinces, in a near crisis situation. They are faced with a lack of skilled, knowledgeable staff and equally importantly, they have few established structures, institutional relationships, or procedures to carry out environmental planning and management.

The local authority structures with which provinces are to co-ordinate their actions are still in a state of flux; the relationships between local councils and rural councils are generally precarious, and in some cases local authorities are not known to the provincial structures.

Environmental information is not shared and policies and regulations are not communicated effectively.

At a macro level the implementation of the environmental policies is thus constrained by at east the following factors:

♦ Insufficient Human Resources
♦ Fragmented Information

The establishment of the ECBU is a critical intervention in enhancing capacity to deliver on key obligations.

3.3.3 Meeting the challenges through NEMA

As we have pointed out, co-ordination and integration by the lead agency remains a key and complex challenge. NEMA provides for co-operative environmental governance by establishing principles for decision making on matters affecting the environment.

NEMA is significant in that it provides a framework for co-operative governance, civil society participation, and integration of environmental issues into development plans. The Committee for Environmental Co-ordination that existed under the old Environmental Conservation Act, was subject to revision

and new functions have been defined for it under NEMA. The CEC's primary focus is to serve as the institutional mechanism for integration and co-ordination between the national, provincial and local governments.[11]

The key features of NEMA area:

♦ It provides a framework for integrating environmental management into all development activities;
♦ Establishes principles guiding the exercise of functions affecting the environment;
♦ Establishes procedures and institutions to facilitate and promote co-operative government and intergovernmental relations;
♦ Establishes procedures and institutions to facilitate and promote public participation in environmental governance;
♦ Facilitates the enforcement of environmental laws by civil society.

The introduction of NEMA is the first step towards providing guidance in the complex process of horizontal and vertical co-ordination. This is supposed to take place via the Environmental Integration Plans (EIP). Guidelines, for national and provincial departments have been developed. EIPs are to be tabled soon.

While the Committee for Environmental Co-ordination (CEC) under NEMA is meant to be the key vehicle for co-ordination and integration, the experience so far indicates that the level of political commitment from the various national and provincial agencies is still too weak to for the required functions to take effect.

Given that the CEC is not taken seriously, it is not clear how the pending EIPs will be used to any great effect. While South Africa is committed to Agenda 21, a national sustainable development policy does not exist. This leaves, at least at the conceptual level, a gap as to spelling out what South Africa's contribution to sustainable development globally is. It is our impression also that the capacity to monitor progress in the implementation of environmental considerations within the lead agency is severely limited.

3.3.4 Mainstreaming within the donor community

The ability of donors to mainstream environment in their own development assistance programmes or as part of government programmes is dependent on a number of factors:

♦ The period of ODA commitments. In effect the project time horizons are very short, so the commitment to mainstream does not receive a great deal of priority, particularly in cases where environment is not a key component of the ODA.
♦ Whether the local office has sufficient funds and staff to ensure that environmental issues are incorporated. In general, we found that donor

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[11] It is important though to note that one of the key Departments not yet involved in the CEC is the Department of Trade and Industry (DTI). Given that many of the Multilateral Environmental Agreements can impact on trade, the involvement of DTI in the CEC is critical.

agencies and their South African desks are performing multiple tasks across various sectors, are invariably overstretched, and while the will may be there, few have the environmental training or expertise to effectively mainstream environmental concerns into their existing workload. And, in cases where there is an environmental specific portfolio, the desk officer is also working on other issues outside of their portfolio. Where there is a general shortage of staff, the ability of environmental desk officers, or officers assigned to an environmental portfolio is limited due to pressures of time and the shear volume of work that they have to deal with.

♦ In some cases mainstreaming is rudimentary, in that desk officers merely follow a project design checklist and tick off yes or no to indicate whether environmental concerns are taken into account or need to be considered by project officers. There is no substantial input. This is particular in cases where environment is a cross-cutting issue rather than a dedicated portfolio.

♦ Yet, in other cases where there is a dedicated officer, the powers and room for influence on environmental issues is minimum given that more development-orientated projects receive a higher a priority. In one case we found that while documents were forwarded to the environmental officer, these were done at the eleventh hour for comment, or if comments were received, they were summarily ignored.

♦ Recipient country policy, legal frameworks and enforcement capacity also influences mainstreaming. Whether environment is considered a cross-sectoral or special portfolio, the recipient country's own policies and capacity would determine to what extent environmental issues are incorporated in development assistance projects.

♦ The general extent of environmental consideration by ODA agencies for non-environmental projects is to rely on the relevant government agencies to comply with South African law as regards required environmental impact assessments. Such compliance by government agencies cannot be taken for granted. An instance has even emerged in which a donor was approached and agreed to assist a government agency with funds to conduct an environmental impact assessment at after completion of the infrastructure project requiring such assessment

♦ The ability of donors to transfer knowledge and skills to local counterparts is also a crucial aspect of mainstreaming. Often knowledge and skills that are transferred can be undervalued, but they have a more long-term effect on the recipient country's ability to deal with future problems in the absence of donor assistance. The more skills-based the donor programme, the more impact is it likely to have in the long-term.

It seems that where there is a dedicated environmental portfolio, or as in the case of DANCED where the entire ODA is dedicated to environmental issues, there is a higher degree of mainstreaming and alignment. In cases where there is limited staff capacity and funds, environmental issues receive limited attention.

What cannot be ignored either is that ODA does not function in a vacuum. The general policy milieu, institutional setting and implementation approach of the recipient country also determines the degree to which donors are able to

mainstream or integrate environmental issues either as special portfolios, cross-sectorally or as a component of non-environmental programmes.

3.4 TYPES OF DONORS

There are ten donor agencies that have had a clear expressed interest in providing support and engaging in development co-operation around environmental matters in South Africa:

Multi-lateral agencies: GEF, UNDP and European Community

Bilateral agencies: DfID (Britain), Finida (Finland), Norad (Norway), USAID (USA), GTZ (Germany), the Netherlands.

Dedicated agency: DANCED (Denmark).

3.4.1 GEF is the single largest source of funds

The single largest source of international funding for environment (R128 million) since 1994 has come from the Global Environment Facility[12] (GEF), and has been exclusively focused on support to conservation issues relating to biodiversity. Applications for support on climate change have been developed, but for various reasons have not been forwarded to GEF for consideration.

3.4.2 No dedicated support but attempts to mainstream environment

A number of other donor countries such as Sweden, Canada, Switzerland and Australia do not provide support for environment *per se*, but have policies which promote its mainstreaming in ODA programs. No data and information was available to inform the extent and nature of such mainstreaming that may have taken place.

3.4.3 Available environmental expertise

While DANCED has a dedicated staff complement and expertise for environment, and one or two other agencies have access to environmental advisors serving the region, most of the smaller agencies have no local environmental expertise available in their offices.

In instances where donor support is outside of the environmental sector, project preparation and approval manuals usually contain a checklist of items. One of these items would be environmental considerations. Normally this check point is meant to ensure that environmental laws or regulations are abided by or taken into account during project preparation and implementation. There is however

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[12] The GEF was established in 1991 by the World Bank and is operated in conjunction with the United Nations Development Program and the United Nations Environment Program. It focuses largely on issues pertaining to the biodiversity and climate change conventions.

apparently limited scope among most donors for mainstreaming environment into general development projects.

3.5 TYPES OF ODA TO ENVIRONMENT 1994-1999

When asked for the figures and nature of their funding contributions to environment, many donors reported having recording systems that made it difficult to separate out environment-specific funding.

The graphs below exclude GEF funding. They show that 54% percent of recorded donor funding for environment (as defined by donors) went to DWAF, 18% to DEAT, with an additional five percent to national parks, 15% to DLA, 3% to the department of housing, 3% to the department of constitutional development, 1% to mineral and energy affairs and department of agriculture respectively. It is notable that no significant environment funding was disbursed to the Department of Trade and Industry, and limited amounts of support have been absorbed by government in energy affairs and agriculture.

Of all the ODA disbursed, 76% has gone to government, 23% to NGOs (including research institutes and universities), and one percent to the private sector. The total figure to NGOs would be 18% if it were not for two very big grants by the EU totaling more than R35 million to two NGOs in the rural development and water sectors.

Most ODA funding for the DEAT is channeled to South African National Parks and the National Botanical Institute (56%) and for projects related to policy development and environmental management (40%), and a small proportion to weather bureau, and Sea Fisheries.

ODA for the DEAT amounted to close on R300 million between 1994 and 1999. The largest contribution has been from the GEF, about R128 million, and second largest from DANCED, about R49 million.

3.5.1 USAID

A number of donors provided data that covered entire projects that may or may not have had environmental components or mainstreaming. For example, USAID's figures include R13 million in disbursements to the Department of Housing (which that department would not have considered environmental projects), and R11,4 million disbursement to the Department of Constitutional Development.

USAID provides a great deal of technical assistance and some study tours, and is often directed by agreements forthcoming from the Gore/Mbeki bi-national commission on environment.

USAID reported no funding to environmental NGOs. While the U.S. has committed five million U.S. dollars for assistance on climate change issues, R496 000 has been disbursed in the three years it has been available. This is largely due to caution on the side of the South African Government.

3.5.2 EU

The EU's 'environmental' total of R194 million includes R12 million in support to a rural development networking NGO, R156 million in disbursements for Water Development and Community Water Supply and Sanitation programs, and R26 million on a land reform pilot program in DLA. For the period under review, the EU did not disburse anything to DEAT. Eighty-two percent of funds went to government, with two NGOs receiving the other 18%.

3.5.3 Finland

Due to its limited desk capacity in South Africa, Finland's environmental program has been exclusively in support of the more accessible and organized DWAF, whose minister spent three days in Helsinki lobbying for the support received. No environmental funding has been provided to NGOs.

3.5.4 Norway

Norway's support for environment emerged at a time when DEAT was beginning to become sufficiently organised to dedicate one person to manage the development of an overall program. One hundred percent of funding has gone to DEAT. No funding has been provided for NGOs.

3.5.5 DFID

DFID seeks to mainstream environment within a sustainable livelihoods approach to land, agriculture and water. Of the R108 million disbursed by DFID, 67% went to government, 29% to NGOs and four percent to communities. Of the government funding, 13% went to the DEAT for the coastal zone policy process, 42% to DWAF, 35% to DLA, 6% to a provincial department of agriculture, and 3% to National Parks.

3.5.6 Netherlands

The Netherlands has provided various support to environmental initiatives, but has, following South African government request for streamlined focus, since ceased providing environment-specific support. The Netherlands seeks to support environment mainstreaming within the other sectors its supports, as well as promoting relationships and support on global environmental issues. Of the R31 million provided by the Netherlands, 73% went to NGOs, 26% to government and one percent to private enterprise.

3.5.7 DANCED

As a donor dedicated to mainstreaming environment issues, DANCED has provided the largest amount of funding amongst the bilateral donors. It also manages the most diverse support for environment, with up to nineteen projects in one year. Sixty seven percent of this funding has gone to government, twenty-nine percent to NGOs and four percent to private enterprise. Of

government funding, fifty-five percent has gone to DEAT, twenty-three percent to DWAF, twelve percent to DLA, and ten percent to the National Parks Board.

DANCED provides DEAT with a significant proportion of their received donor support, probably attributable to DANCED's approach, systems and local capacity to develop and nurture relationships with government departments. DANCED has a clear country strategy with a geographic and issue-based focus. DANCED has provided significant grant and some technical support for environmental policy and strategy development.

The DANCED office in Pretoria is also providing ODA support to projects in Namibia, Botswana, Lesotho and Swaziland.

3.6 TYPE OF ASSISTANCE

We were unable to clearly discern any overt overall strategy around the proportioning of funding towards rural and urban issues, or for that matter of provincial and local governments.

In general, where the selection of priorities has been guided, it appears they were guided by national prerogatives. Donor support to provinces was also influenced to some extent by other donor activities so as to avoid competition or overlaps.

3.6.1 NGOs

What was more evident is that support to NGOs declined dramatically, with donors preferring to channel their funds directly to government. We also came across evidence, particular amongst donors who had no specific environmental portfolio, that NGOs and other agencies could access funding for environmental projects directly from other programs in their home offices, and usually via an NGO based in that country. These would not form part of the bilateral agreements.

In some cases, like the UNDP, the New York office would initiate activities in South Africa by the country office receiving a budgetary allocation from New York for this purpose.

3.6.2 Grants and technical assistance prominent

By far the largest contributions for the sector were in the form of grants and technical assistance. The skills base in the sector was limited and not diversified, so grants and TA focused on policy development support and improving knowledge content. Therefore the key generic areas of capacity building were:

♦ Planning and organisation of work
♦ Development of skills to manage environmental issues
♦ Understanding of regulation, legislation and enforcement functions
♦ Preparations of strategies and implementation of activities
♦ Development of information management systems

Generic kinds of skills transfers

♦ Use of Technical Assistant or advisor
♦ On the job training
♦ Workshops and courses
♦ Study tours
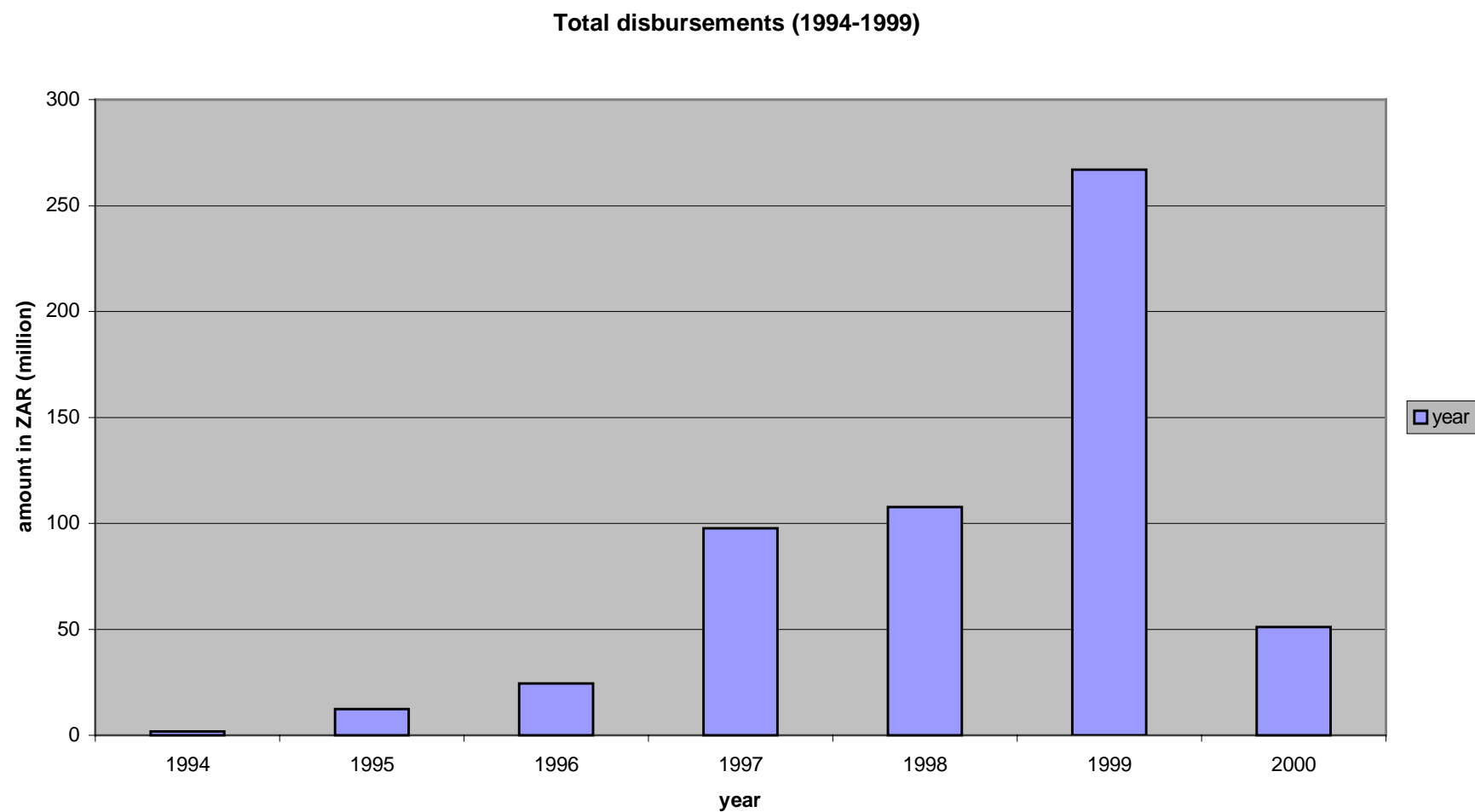♦ Pilot projects to test new ideas

In the case of capital costs, our findings show that donors preferred not to cover capital cost, and in fact the majority of the support took place in the form of 'knowledge' transfer, or the soft aspects of technology transfer.
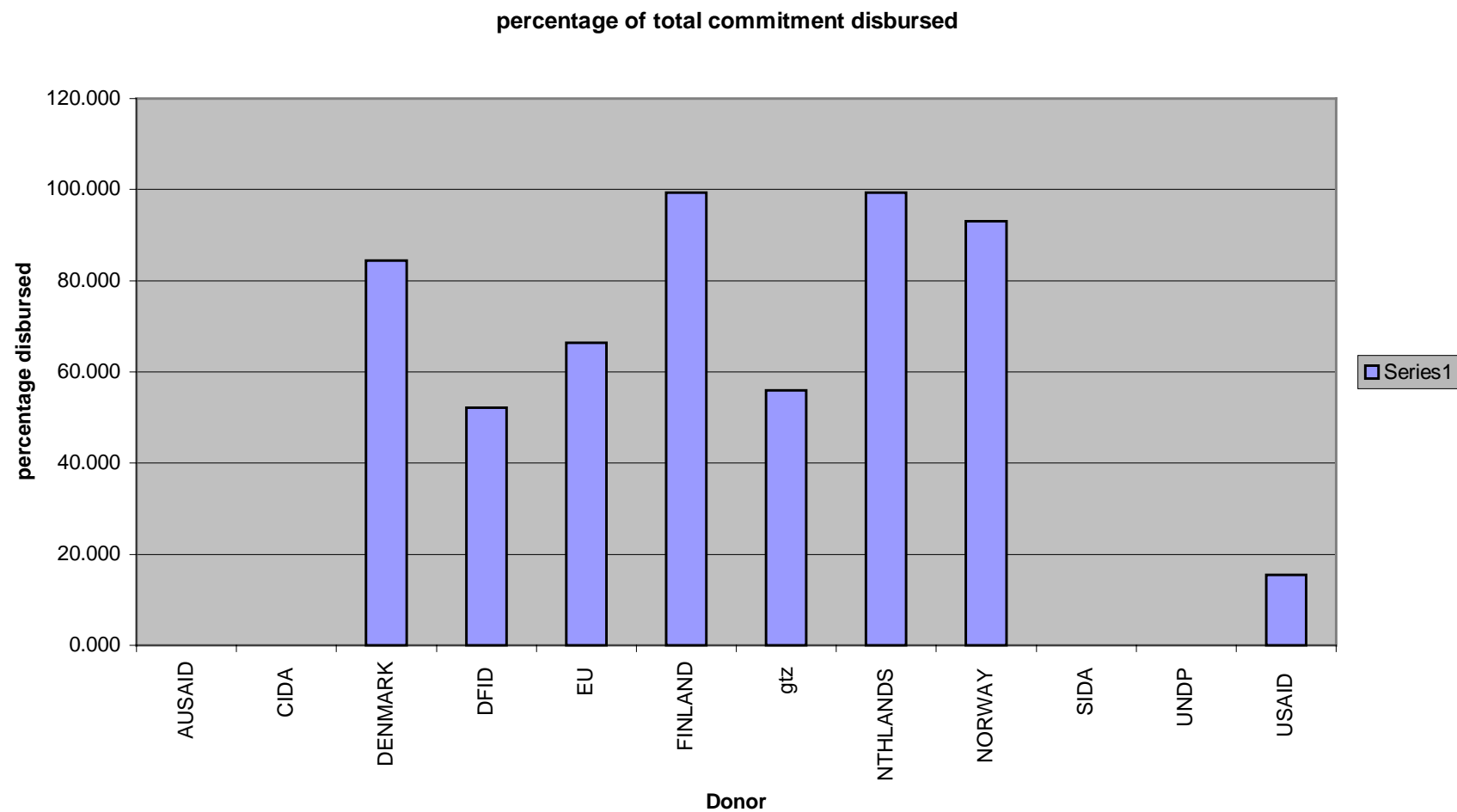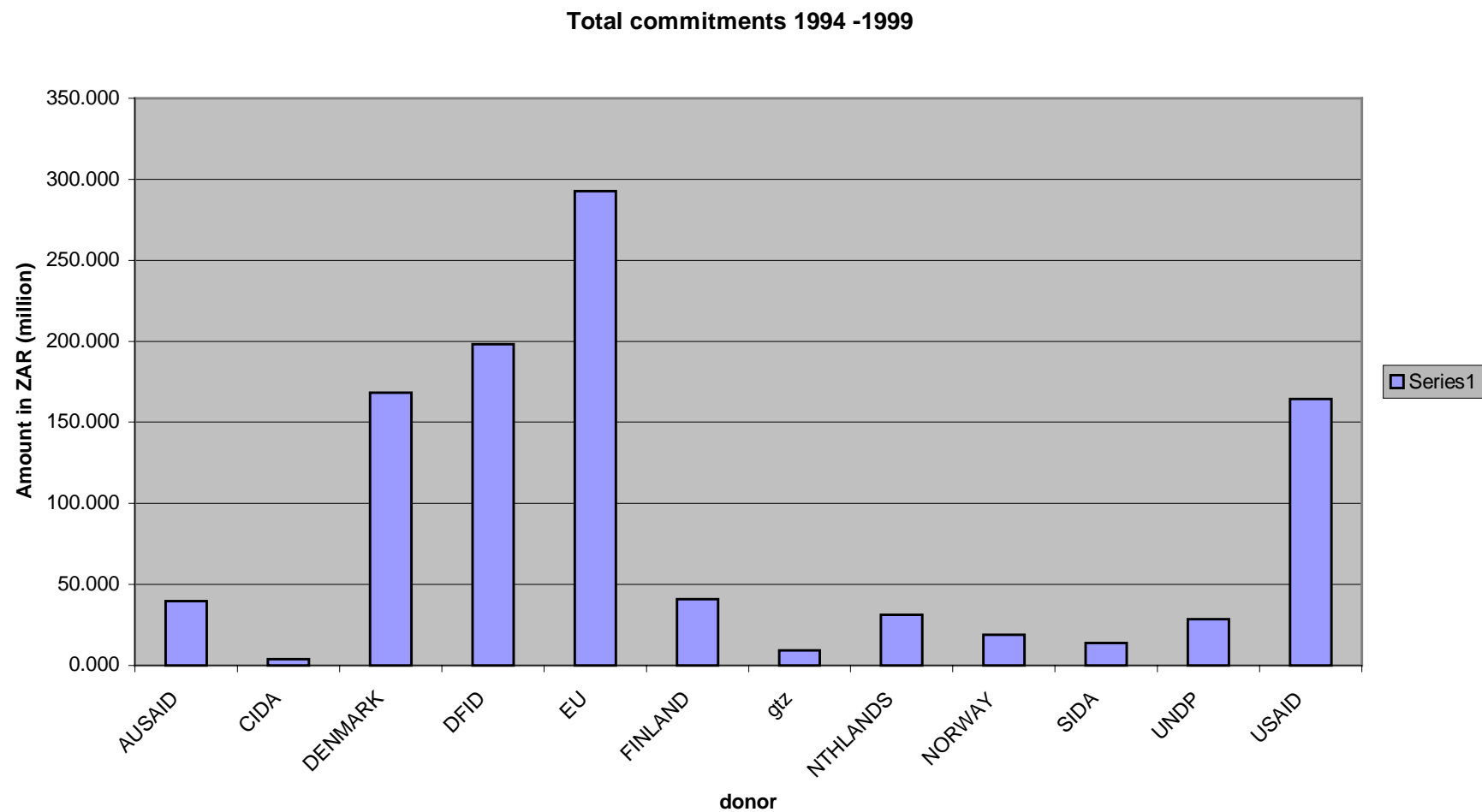
3.7 QUANTITATIVE ANALYSIS

The process of trying to access quantitative data provided insights we believe are as important as the incomplete data we managed to gather (See Appendix A for detailed data, and Appendix B for a summary of challenges and emergent issues). Clearly few donors have complete, detailed, accessible and centralised records of disbursements to the environment sector, and even less record of financial data for mainstreamed environmental expenditure in general development projects. Government records appear equally incomplete and often different from donor data for the same projects. Currency fluctuations, differences between commitment and disbursement, annual roll-overs of funds due to slow disbursing and absorbing monies, and different and duplicate categorisations of projects limits these data.
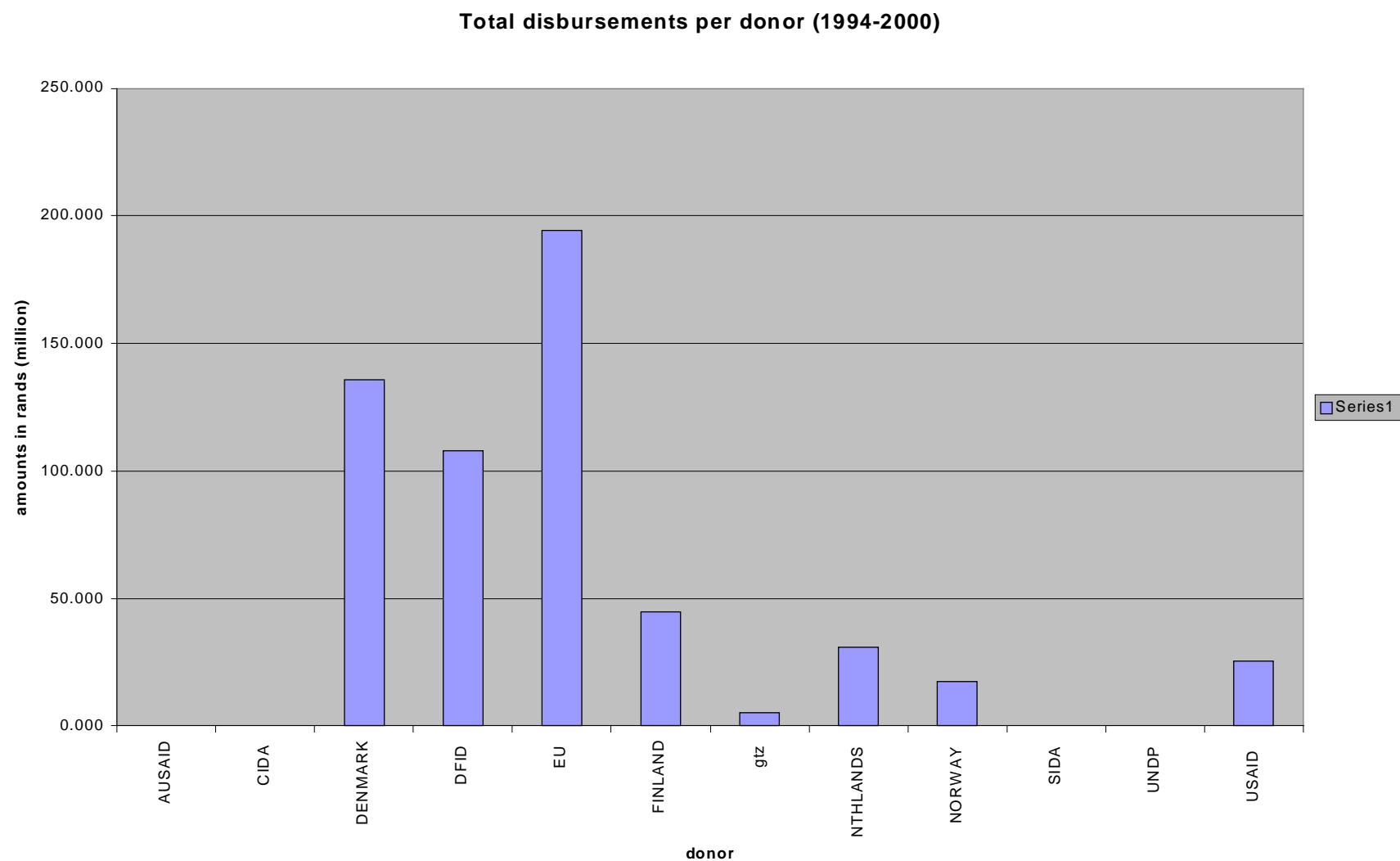
Donor and government financial monitoring systems were established independently in 1994/95, and evolved to meet different systemic and administrative requirements. The systems remain complicated by the multiple definitions and positioning of environment funding in donor programs. All the data presented here were received and verified by the donor agencies concerned[13], and were checked from figures supplied by relevant government departments.

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[13] With the exception of UNDP whose desk officer resigned and has not yet been replaced. The Australian embassy did not respond to verify their support estimated at about R1 m. It was not possible to put a figure on mainstreamed environment support from SIDA's two urban development projects.

Total disbursements (1994-1999)

percentage of total commitment disbursed

Total commitments 1994 -1999

Total disbursements per donor (1994-2000)

Disbursement per Sector
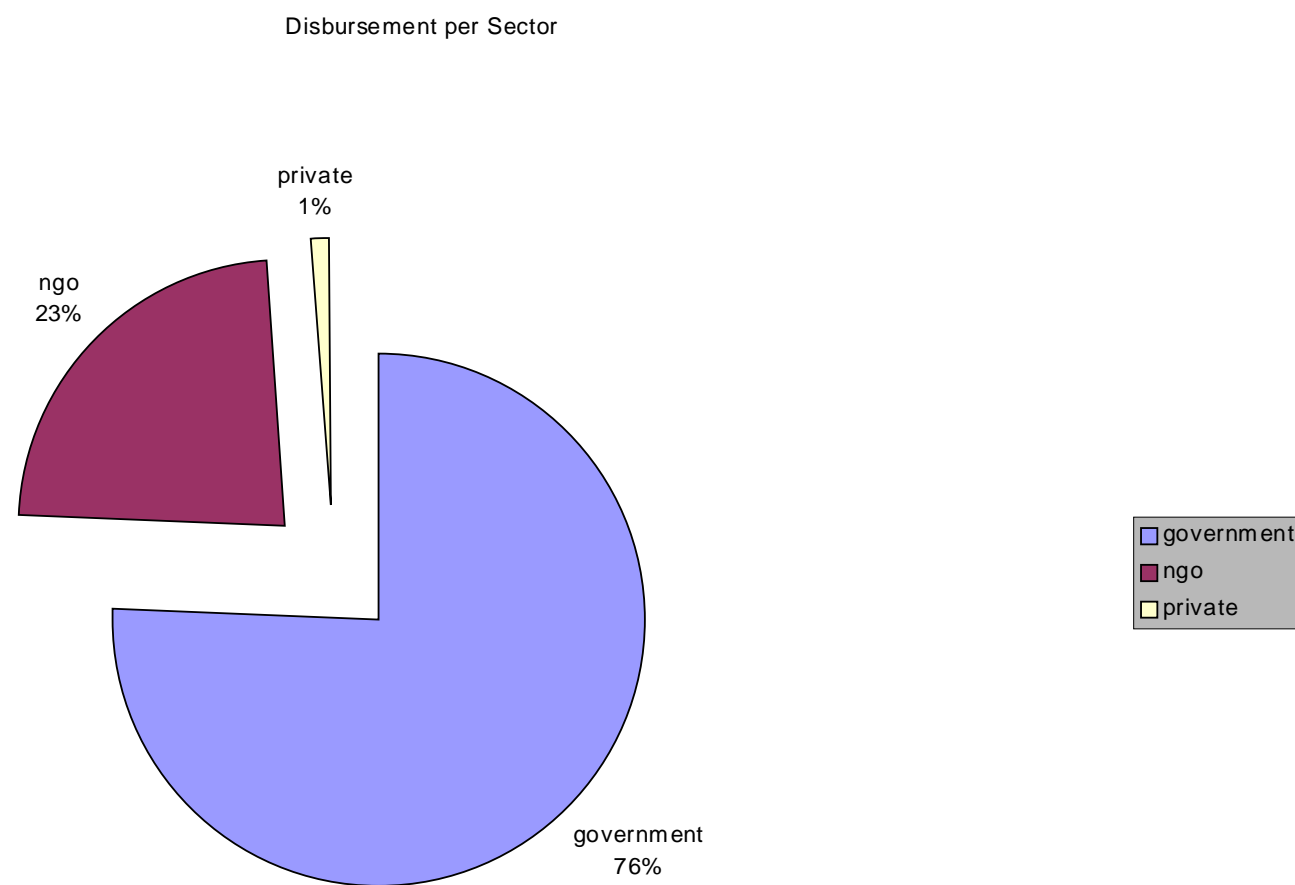
Environment Disbursements of donors by year

Disbursements in 1994

Single disbursement to Department of Housing (defined by USAID as environment)
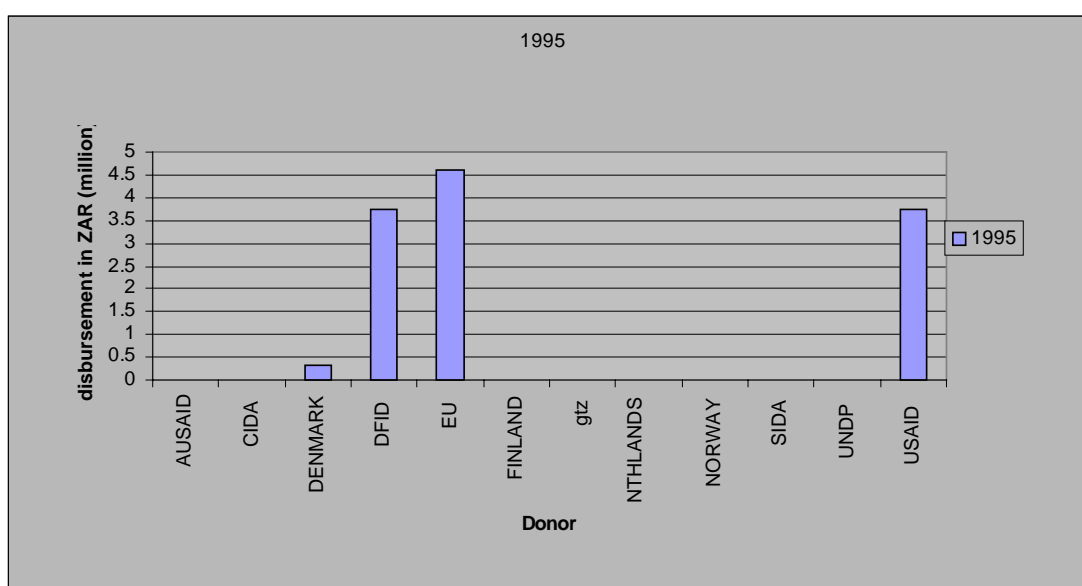
EU:to Rural Development Services Network (defined by EU as environment)

USAID:to Department of Housing

DFID:DFID unable to present disaggregated data for year-specific projects

DANCED:White paper on biodiversity
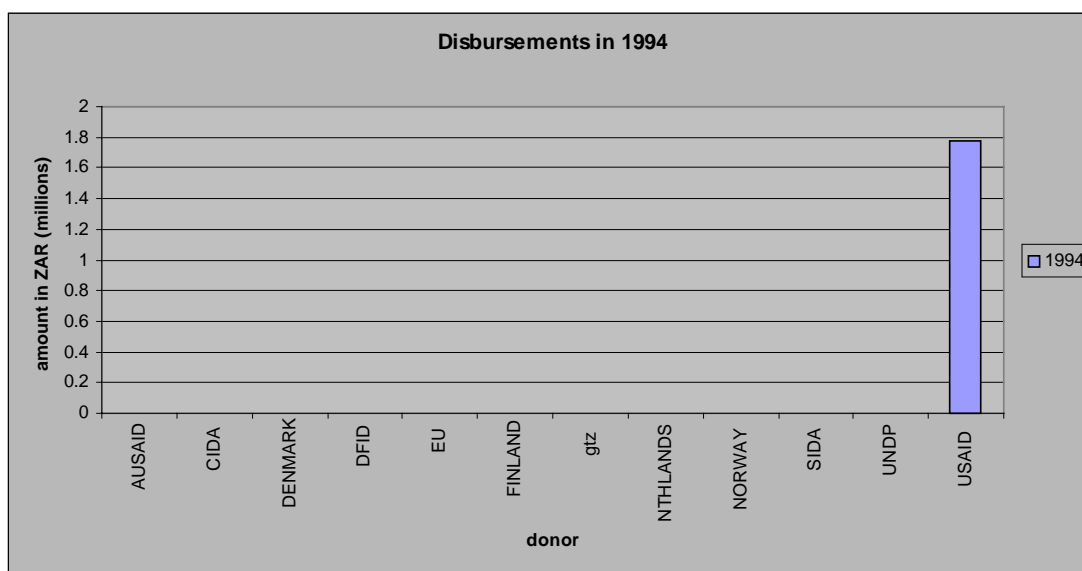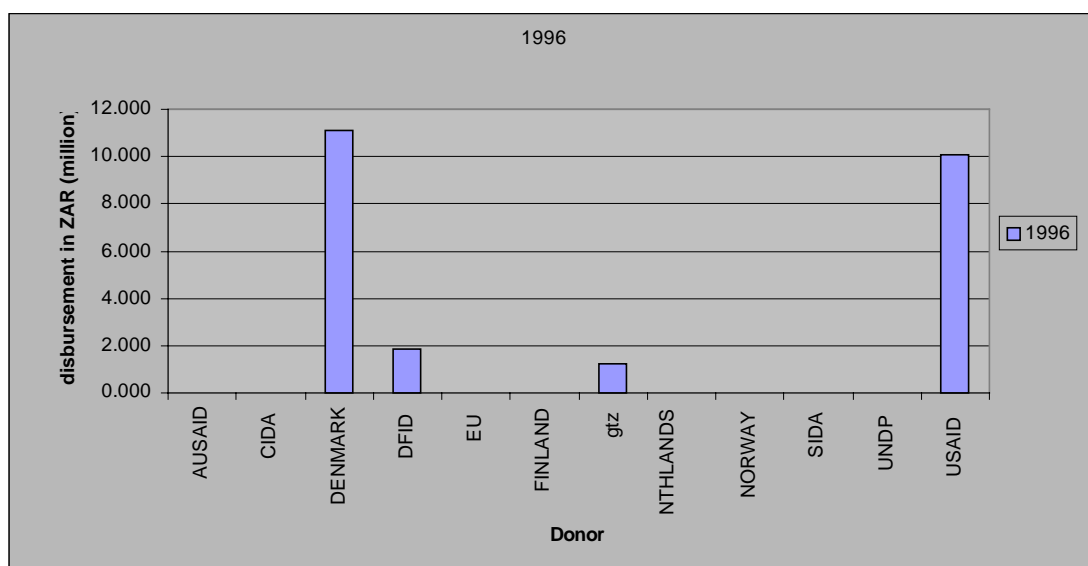
DANCED:Ten projects including environmental policy development, capacity building and institutional support to two provincial government environment departments, community forestry, and various environmental NGOs.

USAID:Departments of Housing and Constitutional Development, and DWAF/Rand Water for developments in Bushbuckridge.

DFID:Unable to provide figures for year-on-year spending and projects.

GTZ:Four projects with provincial and national game parks, and department of land affairs.

1997
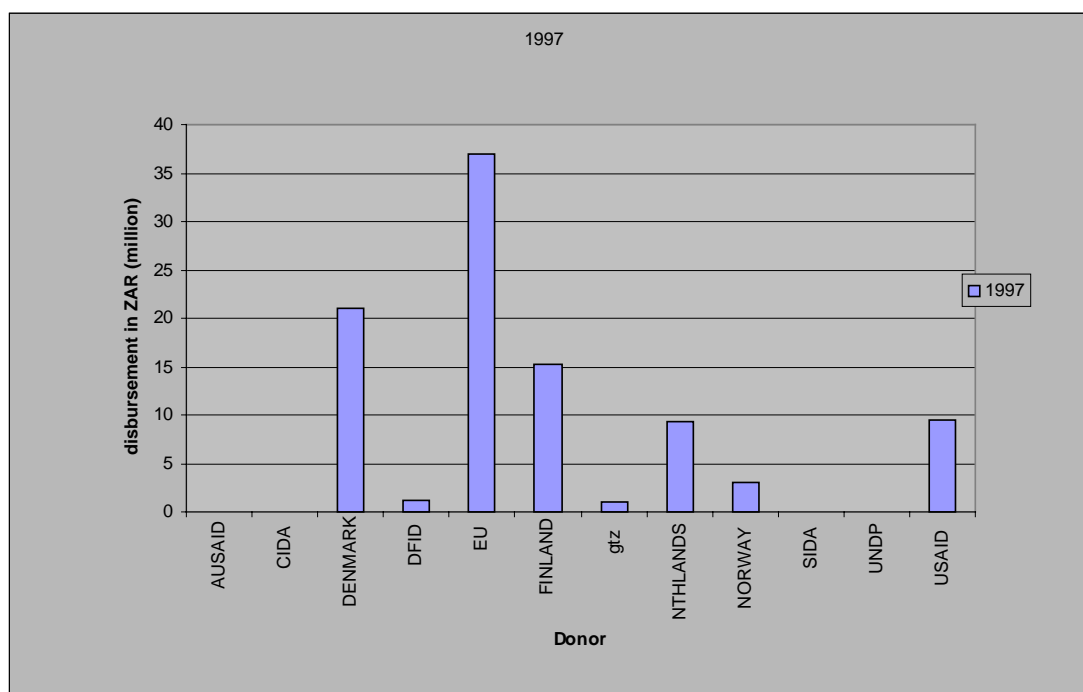
EU: **Three projects** – Water development with DWAF (R26m), DLA land reform (R5.5m) and rural development NGO networking (R5.3m).

DANCED: **Fourteen projects**, including capacity development and institutional support to two provincial environment departments, national policy development participatory processes, development of strategy for management of water quality effects of dense settlements, national waste management strategy, environmental education, and various NGOs.

Finland: **All to DWAF – five projects**, including water law review, working for water, community forestry, parasite control program, catchment area management plan.

Netherlands:**Five projects** including R6.1m to NGOs for research and training in sustainable energy, R2m to Wildlife College for training of protected area managers, with rest to university course on environment and development and working for water program.

USAID: Departments of Housing and Constitutional Development.

Norway: **Two projects**: Development of new fisheries policy, and Environmental Impact Assessment for Robben Island Cultural Heritage Centre proposal.

GTZ: **Four projects** with provincial and national game parks, and department of land affairs.

DFID: Unable to provide figures for year-on-year spending and projects.
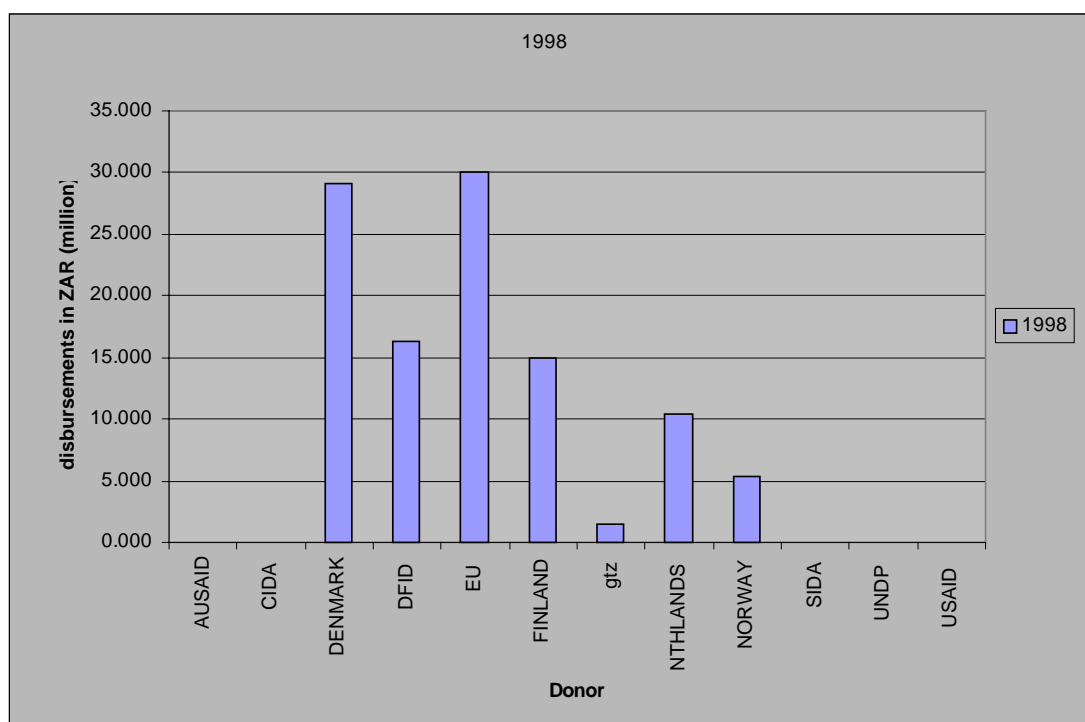
EU: **Three projects** – Water development with DWAF (R7.6m), DLA land reform (R20.215m) and rural development NGO networking (R2.27m).

DANCED **Nineteen projects**, including ongoing capacity building and institutional support for two provincial environment departments, grants for development of national environmental policies, mainstreaming environmental concerns into land reform, developing best practice for social ecology unit in national parks board, water quality management issues for dense settlements, support to various environment and development NGOs.

DFID: Unable to provide figures for year-on-year spending and projects – but these included 27 projects over the five-year period covering development of coastal zone management policy (only project to DEAT - R10m), and various support to DWAF, DLA and some provincial departments for forestry, land reform, agriculture, and NGOs.

Finland: **Five projects**, including support for a fiber strategy study in industry, water law review, working for water, community forestry, parasite control program, catchment area management plan.

Netherlands:**Eight projects**, with bulk of R5.5m going to NGOs for research and training in field of sustainable energy, R1.3m to Wildlife College for training of protected area managers, R2m to working for water program, development of groundwater information system, university course on environment and development and a small grant for greening of schools.

Norway: **Six projects**, including fisheries policy development, state of the environment reports, working for water, rural heritage settlements and climate change.
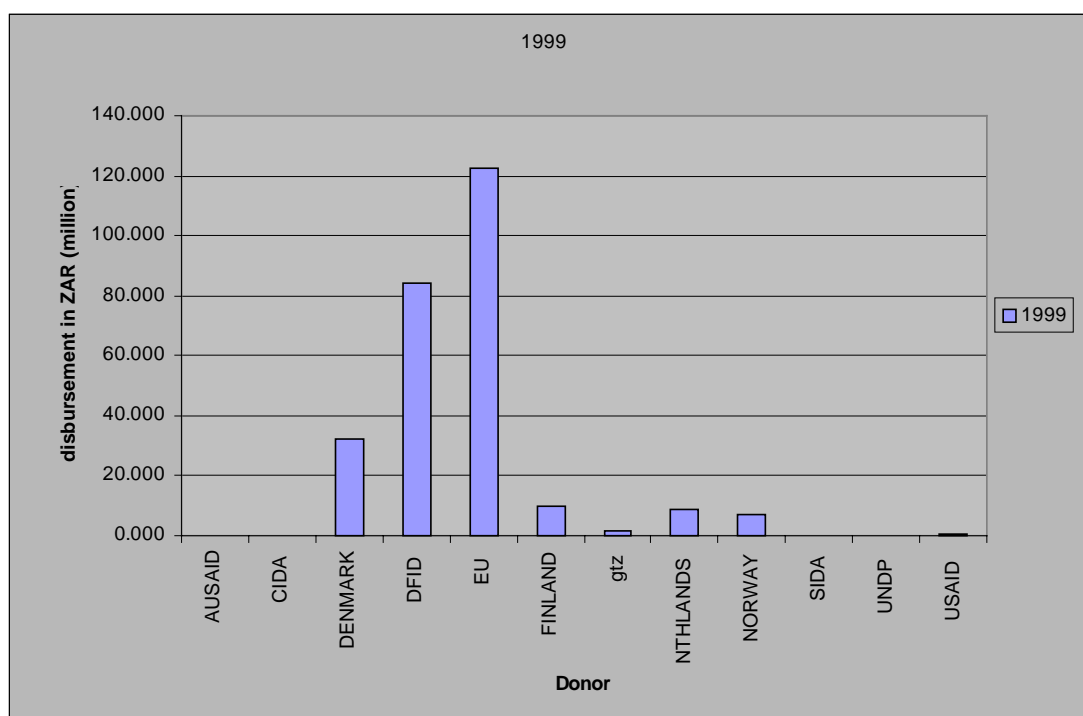
GTZ: **Four projects** with provincial and national game parks, and department of land affairs.

EU: **Three** **projects** of which two were water projects to DWAF, totaling R100 million, and the third of R23 million to Mvula trust.

DFID: **Unable to provide figures for year-on-year spending and projects – but over five years these included 27 projects covering development of coastal zone management policy (only project to DEAT - R10m), and various support to DWAF, DLA and some provincial departments for forestry, land reform, agriculture, and about 30% to NGOs and academic institutions.**

DANCED: **Seventeen projects**, including support to cleaner production technology in the fishing industry, ongoing capacity building and institutional support for two provincial environment departments, mainstreaming environmental concerns into land reform, developing best practice for social ecology unit in national parks board, water quality management issues for dense settlements, support to various environment and development NGOs.

Finland: T**hree projects**, with R4,4m going to working for water, R3.8m to community forestry project in Northern Province, R1.65m to catchment area management plan.

Netherlands:**Seven projects,** with the bulk of R4.1m going to NGOs for research and training in field of sustainable energy, R1.7m to working for water program, R1.1m for development of groundwater information system, R1.3m to Legal Resources Centre Environmental Justice Project, university course on environment and development and a small grant for greening of schools.

Norway: **Seven projects**, including fisheries policy development, state of the environment reports, working for water, rural heritage settlements and climate change.

GTZ: **Four projects** with provincial and national game parks, and department of land affairs.
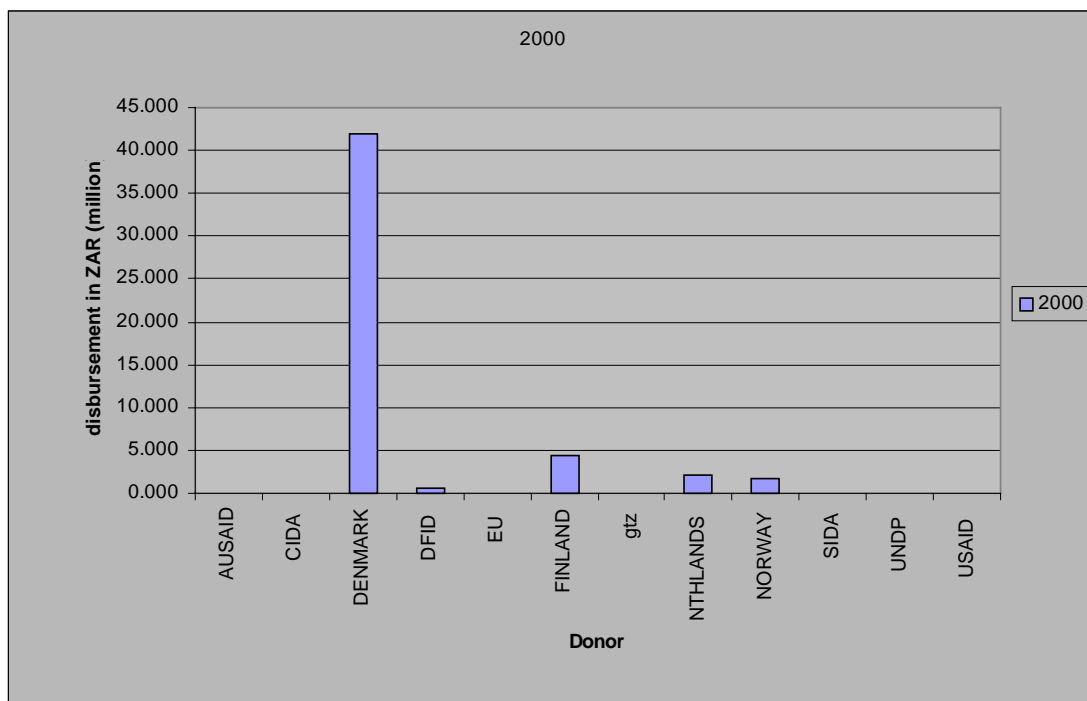
3.8 INSTITUTIONAL ARRANGEMENTS FOR CO-ORDINATION OF ENVIRONMENTAL ODA

3.8.1 Donor co-ordination within the lead agency

The lack of a clear donor co-ordination mechanism within DEAT led to environmental donors themselves hosting regular informal donor meetings, without government, to share information on their initiatives. This, as our interviews have shown were welcomed by all donors in a less than perfect system. It has also changed, with DEAT convening its first donor co-ordination meeting in April 2000.

In other departments where environmental functions are being shared, the capacity for donor co-ordination has also been uneven. The more consistent and reliable donor co-ordination has been that of DWAF, who have been fortunate in having greater stability of leadership and clarity of inherited institutional boundaries and responsibilities. Like the DEAT it also shares a strong spread of environmental responsibilities. In effect, DWAF has been able to 'corner the donor market', having 31 different donor-funded projects operative.

The DEAT document, 'Workshop to Discuss Strategy and Management of Official Donor Assistance' (1 July 1999) is a self-critical evaluation of its own donor co-ordination, in recognition of the fact that donor co-ordination within the Department and with other line departments needed to be improved.

In the formative stages when donors were falling all over each other to assist the DEAT, the DEAT had no internal strategy or mechanism to deal with donor funds. DEAT was one of the national departments with a National Party Minister in the Government of National Unity and was in a period of uncertain leadership. While the donor overtures were overwhelming, departmental officials were initially cautious and reluctant to engage.

In 1997 the DEAT requested the Project Management Services (PMS)[14] section in the Department of Finance to provide project management support with the implementation of the Norwegian Framework Agreement. A staff member was seconded to the DEAT from the PMS. With time, the Project Manager also provided support to DEAT on a much wider scale in assisting with business plans for other donor projects and by compiling an inventory of donor funds committed and actual spend by the department. This was the first time that the department undertook such an initiative.

The lack of a clear strategy on how to manage ODA led to what we view, as summarised by various donors, the following problems:

♦ The lack of clear policies in the formative period.
♦ An institutionally weak and under-resourced department.
♦ Lack of experience in dealing with donor assistance.

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[14] Stephan Hough, Interview, 13.1.2000

♦ Lack of clear procedures and process.
♦ No real alignment between two parties.
♦ Different people dealing with a proposal at different times.
♦ Major problems with regard to co-ordination of GEF projects.
♦ No real follow-up, and clarity on where to go next.
♦ Response from government delayed often for very long times, resulting in the donor considering other proposals from other departments, particularly DWAF. Which in turn led to the DEAT loosing valuable opportunities.
♦ Apparent poor oversight over donor approaches by senior management in DEAT. For example, lack of knowledge that donors have been approached for specific projects, let alone know that the Department initiated the project.
♦ A feeling that there is sometimes a lack of interest from top management.

In summary the general experience of donors is that there is no ODA framework and clarity as to who is the ultimate co-ordinating agency, or what the protocol should be when being approached for funding from provincial, national or local government. The system works in an ad hoc manner, clustered around personalities, and works on the basis of a trial and error.

The need for co-ordination also has political implications in that the Minister of Environment is obliged to report to parliament about all international engagements in terms of RDP Fund Act.

In terms of the RDP Fund Act, all bilateral agreements have to be entered into via the IDC, and provinces should engage donors by the approval of a national lead agency for the particular sector. In other words, no funding proposal can be signed off without a national department and the IDC before donor funds can flow to particular projects. There is a general perception, however, that IDC does not take environment seriously, and perhaps this perception is perpetuated by the fact that the IDC works on a donor to donor basis rather than a sectoral basis.

IDC it was argued tended to take a hands-off approach, and once the annual consultations were complete, they would prefer that the respective donor agencies deal directly with the relevant departments.

Following DEAT's own strategic appraisal of its weaknesses and the recognition that without proper co-ordination donor funds are more than likely to be used ineffectively, issues of donor co-ordination started getting the appropriate attention. The appointment of a third environment minister and DEAT Director General in five years coincided a stronger hands-on approach to donor co-ordination and management, resulting in the first government-convened donor co-ordination meeting in April 2000. DEAT presented an overall business plan with clear identification of priorities and areas in which they would like donor assistance.

Many of the people we spoke to recognise that the DEAT's new strategy for donor co-ordination is a good sign. Convening the donor roundtable and presenting a program and priorities is a better way for the government to facilitate donor discussions and agreements on funding needs. In the past donors have had to develop a strategy on behalf of the government, and then asked if this strategy fitted with government needs or not.

Donors and government believe that the establishment of a single national focal point is the best way to ensure that alignment between the needs of government at the horizontal and vertical levels are met. So if a provincial government approaches a donor, the relevant agency will have to seek the endorsement of the national relevant agency, and in that way closer linkages can be made between national programs and provincial or local authorities.

One donor developed a specific request format for developing a pipeline of projects that entails identifying the lead agency and executing agency. Through this mechanism government departments are nudged to work together and ensure that synergy is developed in areas whether they share common interest and responsibilities. This does not however, imply that government departments do not fight over territory or turf.

The DEAT often finds itself on the losing side when certain departments enjoy greater power and authority. The DEAT's 'cinderalla' status does impact on its ability to negotiate changes within the environmental sector. If these changes are drastic or significant they are either ignored or dismissed by more powerful institutions.

DEAT is now beginning to create capacity through the establishment of its International Liaison Unit to assist with donor co-ordination and project preparation. Already, a basic inventory of donor funding and profiles have been compiled with the intent to make them available on the web. The idea is to also use the Total Resource Allocation Framework (TRAF) system as a way of linking donor assistance with the overall budgeting system under the MTEF.

Given these movements, and with the creation of a new Project Management Unit with seconded staff from the Department of Finance, there is a feeling that overall donor co-ordination and project implementation is going to improve in the DEAT. However, the proposed 2000 budget for the International Liaison Unit does seem light.

3.8.2 Provincial perceptions of donor co-ordination

Views from the provinces are that the National Department should provide a centralised information, support and co-ordination service as concerns donor funding. In addition, such information and assistance should enable provinces in accessing and matching up their project needs with potentially interested donors.

Provinces tend to spent a lot of time scouting around utilising valuable staff time on seeking information on donors. Since bi-laterals are with the national government, this makes it difficult for the provinces to access this information and the funds, as they have to work through a national department.

National departments can have the tendency to control access to donor funding. Or if they want provincial input it is often rushed and not done strategically or with proper consultation. National Government departments can legitimately be accused of being gatekeepers.

The national role can also be useful in ensuring that ODA funds are distributed equitably between the provinces. However, no such system or procedure exists for this to happen. The issue of the distribution of donor funding between national departments and provinces is also dependent on the nature of the relationship between the national government and provinces.

Given that environment is a concurrent function, provinces see themselves as autonomous entities. Thhe national department, however, tends to relate to the provinces as if they are branches or regional offices of the national department. One interviewee said provinces are treated as 'wings' of the National department. This is a cause for considerable tension. As a result of this the following kinds of problems have been encountered:

- Often provincial and national priorities do not match. The experience has been that a donor working with a national agency determines priorities with a national agency assuming that these priorities are also applicable to provincial and local governments as well. So if the donor asks for ideas for proposals, the proposals are often formulated from discussions with the national agency. Provincial or local governments are then forced to abide by these proposals, even though they may not need the funds, and would have preferred funding for other priorities. The mis-match between national and provincial interest can and has lead to donor funds often being used because they are available not because they are really needed.
- Provinces have the view that they tend to be left out or are never informed if important donor Missions take place. They are of the view that such Missions are useful in identifying what the latest donor thinking and priorities are. In addition, Missions provide an opportunity for the provinces to inform donors of their concerns and priorities.
- A province we interviewed also expressed the view that donor funds should be less content orientated and focus more on developing a skill base. This they argue would lead to greater sustainability in organizations by improving management of programs, and ensure that donor projects are not a once off.
- There are also tensions around who should sign off on projects, and do provinces have the autonomy to do so.
- Provinces also feel that they need to engage the national department properly on expectations on what the national department can offer in terms of support.
- The poorer under-resourced and under-capacitated provinces generally are unable to make investments in seeking out donor funding, even though they have a number of projects ideal for such support.

Despite some of these concerns the general view was that things are getting better.

3.8.3 Donor co-ordination at the provincial level

Co-ordination of donor funds varies from province to province. As such no national mechanism exists for the co-ordination of donor funds for provincial and local governments. The focus tends to be concentrated on the needs of the national department. In some cases the national department has facilitated initiatives where

a partnership was required with the provinces and local government, such as the ECBU and USAID support for capacity building to local government.

The national department is involved, since it is the focal point for Agenda 21, in co-ordinating the LA-21 activities in South Africa in partnership with the three main metropolitan councils of Johannesburg, Cape Town, and Durban. There are however overlaps, requiring increasing co-ordination, with Agenda 21 activities in the Department of Housing and its involvement in the International Habitat process emanating from the UN Habitat Conference in Istanbul.

There is recognition that provinces should be more involved in donor consultations. It is proposed that one mechanism is for DEAT to convene a consultation process with key provinces and local authorities and through this develop a consensus on a Framework on which issues to approach donors with, and then present these to donors at the donor co-ordination meetings. Once program support is being initiated with particular donors, either MinTEC or the CEC would be used as a vehicle to agree on what projects should specifically be funded and then a business plan be formulated which is then submitted to donors for final approval.

One donor indicated that if it has to work with a local or provincial government, it is often not sure whether it should channel the request from these authorities via the national government, or deal directly with the provinces and local authorities. The general approach the donor took was to present its portfolio of projects at the annual consultations and then proceed to deal directly with the provinces and relevant local institutions seeking donor assistance.

The reluctance to engage the national department seems to be premised on the fact that submission of request via the national department will result in delays and provincial and local governments do not like national departments to be involved as they feel this is unnecessary. As we have shown that in some cases where national programs require national departments to collaborate with provinces and local authorities there is perhaps a merit for some kind of mechanism for co-ordination. Presently, this process is unclear and no procedures exist.

3.8.4 Impact of ODA on environment sector as a whole

A key visible impact of donor support over the past five years has been the financial and technical support in the participatory development of environment policy, national strategies, legislation and law reform.

The donor-supported participatory processes provided a public space for increased awareness of environmental issues and the inclusion of previously marginalised socio-economic (including gender) concerns. In addition to creating a broad-based ownership and support for newly aligned national environmental management principles, the participatory processes enabled the founding of ongoing cross-sectoral relationships and dialogue within and outside of government.

ODA is also viewed as very useful as a catalyst in enabling and encouraging government departments to try new or innovative approaches that they cannot do with their own allocated funds.

Study tours, exchanges with TA specialist and other consultants, task group meetings and stakeholder workshops were also identified as useful contributions of ODA.

3.8.5 Impacts on NGOs

Different donors have different attitudes towards NGOs. A general feeling in government is that if NGOs became more service orientated they could become more involved and funded by government projects. NGOs with an advocacy focus in the environmental sector are under pressure from the receding ODA support for their role.

In some government circles there is also weariness about NGOs, particularly if they are funded by certain donors. The perception from some government quarters is that these NGOs are pushing the agenda of that donor under the guise of civil society advocacy.

The emergence of the National Development Agency with its intent to provide poverty alleviation–oriented funding for NGO activities, may also contribute to a number of donors focusing specifically on government support.

3.9 USE AND IMPACTS OF TECHNICAL ASSISTANCE

From the brief analysis we have conducted, donor record-keeping systems (and sometimes their reluctance to differentiate such information) make it very difficult to determine the spend on TAs.

Generally, South Africa is regarded to be unique in the way it uses TAs. TAs are generally brought in when there is no real capacity in South Africa to fulfill specialized functions for which specialist expertise is required. In general, both donors and recipients tend to agree, given the availability of local capacity in South Africa, foreign TAs should only be used if they provide a high level of expertise not available in South Africa.

Both within the NGO and government sectors where ODA support comes through the medium of TA, local staff are in some cases very resentful of foreign TAs. This is due to the salary perks, or the feeling that the job can be done at a lower cost by a South African.

In some cases TAs are fully integrated in departments, and their contributions are well appreciated. Sometimes, TAs are brought in at the wrong time. This means their expertise is not used to maximum benefit, and they feel frustrated and under-utilised.

Some of the recipients we have spoken to are of the view that TAs need to be more accountable to the client, especially regarding performance. If the TA has a contract directly with a donor it is difficult for the recipient agency to make the TA accountable. This is particularly with regard to the claiming of time and reporting etc. With some donors TAs are their main export, and would not agree to any changes.

The twinning of a foreign TA and local TA whether this be a government official or local consultant, is thought to enhance local expertise. One interviewee even went to the extent of arguing that in his experience, the quality of local consultancy expertise has improved as a result of donor support and the use of donor TA.

The co-ordination of multi-lateral agency TA with bi-lateral TA has not been engaged successfully. In interviewing a multi-lateral agency, the view is that this lack co-ordination is reflected in the Department of Finance itself, where both agencies are co-ordinated through different units. The interviewee argued that multi-lateral agencies have a great deal more experience, and the kind of TA that is more useful in the phases of implementation and project development.

3.10 MONITORING AND EVALUATION

Our findings show that while almost all donors and partner institutions recognise the value of M and E systems for ensuring enhanced project management, very few M and E systems exist for the various programmes or projects.

The uncertain initial time-frames and attendant pressures of aid framed as transitional assistance have impacted negatively on program planning and management frameworks, limiting the extent of monitoring and evaluation and consequent institutional learning, adjustment and knowledge creation.

In the absence of an overall sectoral program for environment, and previously little monitoring and evaluation by government, monitoring and evaluation by donors for environment appears to have been largely project-based and focused upon checking for achievement of agreed outputs and activities.

Mainstreaming of environment in general ODA projects has been largely limited to a check-sheet question on the need for an environmental impact assessment during the project approval phase, with generally little or no integration into planning, or ongoing monitoring of environmental impact or implications thereafter.

3.10.1 State of the environment

At another level however, DEAT is utilizing donor funding to establish its annual State of Environment reporting initiative, which is intended to inform the identification of environmental priorities, from which Chief Directorates will develop strategies and business plans to combat these problems in the context of promoting sustainable socio-economic development.

3.10.2 Financial monitoring

Difficulties in obtaining accurate financial data on ODA disbursements and commitments for environment have underlined the absence of any overall, inclusive and uniform recording and monitoring systems within government. While OECD-DAC categories are used by donors, there appears to be a high degree of variability in the manner, means and quality of financial recording. There is a recent initiative within DEAT to establish a central database recording and reconciling commitments and disbursements for ODA.

3.10.3 Experiences with M and E so far

Most donor evaluations have varied approaches and methods. As the Moodley report to DCRII shows, there is no consistency in approach, and neither have these been informed by any ongoing monitoring activities.

The tendency of reviews and evaluations, because of their 'quick and dirty' approaches is to focus on relevance and not impact. This is used to extract lessons or guide the next round of country strategies. Those donors who have been applying these approaches have argued that it has benefited them in determining their own interventions and redefining or refining their activities.

A typical approach for a donor would be to convene a mission, and review project objectives against country objectives. This would take place through a desk review of progress reports, other background documents and some interviews, typically lasting between 2-6 weeks. The evaluations may register that the reported project achievements are matching the expected country program objectives, without really giving any indication of real impact.

Besides perhaps the Working for Water Program, no evidence could be found of any ODA-related program or project monitoring or evaluation for improvements in environmental conditions, or of improvements in the underlying economic and social conditions of resource users. This is a universal problem bedeviled by the absence of globally recognised environmental indicators, and presents difficulties for demonstrating impact and for evaluation of relevance.

A 1997 UNDP evaluation of environmental assistance to Latin America and the Caribbean found that only 23% of natural resources management programs had developed systems to sustainably enhance the natural resource base, while only 20% of pollution control programs included specific activities to reduce pollution.[15] There is presently no information available on South African ODA that would assist in determining comparative figures.

Reviews and evaluations focus on self-defined relevance and not impact. This enables or guides the next round of country strategies. Such reviews should be able to provide links with overall policy and the planning environment, a crucial aspect that is often not critically assessed or examined in a review process. Some donors have used the annual consultation process to try and bridge this gap. However, since the abolition of the RDP office, the policy links of the IDC function have been weakened. DANCED has gone further by establishing a Program Steering Committee of all relevant government agencies in all three spheres of government to participate at its biannual or tri-annual meetings

3.10.4 Logical Framework Analysis (LFA)

Most donors in South Africa utilize various forms of Logical Framework Analysis (LFA) in project design, management and monitoring. Logical Framework Analysis (LFA) can provide a matrix for making explicit assumed causal relations between activities, outputs, outcomes and impact goals. In general,

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[15] Quoted on page 78: *Donor support for Institutional Capacity Development in Environment: Lessons Learnt.* OECD-DAC Working Party on Aid Evaluation. (1999).

our findings show that the generic approach taken by most donors, is to use inception reports, progress reports, mid-term and end term reviews as a basis for assessing outputs in terms of indicators and assumptions under the LFA framework. This can be used both as a project-planning tool and as the basis for a preliminary evaluation plan, outlining relevant questions, indicators and methods for measuring degrees of progress, as well as designating who will undertake the monitoring activities.

LFAs can be tentatively developed during preparation of the project proposal, and adapted and fine-tuned at project steering committee meetings in response to presentation of monitoring data.

3.10.5 Government M&E

We have come across two systems in government, the in-house M and E system that is in place in the Department of Land Affairs, and a pilot M and E system that is being tested for water and sanitation projects at DWAF. DEAT is in the process of instituting a financial monitoring system.

Perhaps the unmet need of establishing an ODA-specific sector-wide long-term M and E system in government is a reflection of the uncertainty around the life span of ODA to South Africa. The World Bank experience shows that the more an M and E system is an integral component of government institutions, the stronger are the chances of a sustainable intervention that provides value and learning opportunities from which positive adjustments can be made.

The Presidential Review Commission argues correctly: 'An over-emphasis on monitoring could lead to the generation of vast quantities of information but little corrective action. An over-emphasis on evaluation, without sufficiently detailed and accurate monitoring information to back this up, could well lead to corrective action but of an inappropriate kind.' Further problems the PRC points out that could occur are the following:

♦ 'The over-reliance on quantitative data (which is easier to measure) at the expense of what is often more useful qualitative information;
♦ The tendency to try and measure too much, resulting in a mass of data that is hard to disaggregate and interpret;
♦ The tendency for public servants to concentrate only those aspects of their work which they know will be measured.'

The World Bank's Operational and Evaluation Division in a study of its various projects show that the level of compliance within M and E systems is low. The OECD experience shows that in its assessment in 1995, only about 20% of projects complied with the implementation of M and E systems. This experience underscores the need to be cautious. Upon investigation as to why there was a low compliance they found the following:

♦ A general lack of ownership by recipients,
♦ Managers reluctant to report failures,
♦ Poor report writing skills,
♦ Lack of dedicated funds for M and E, and

- More important M and E systems were often designed using indicators that required a lot of staff time to gather information or keep records'
- Poorly developed indicators or inappropriate indicators

As the cost of M and E is high, unless the appropriate government institutions are willing to invest in M and E systems internally as part of a broader initiative and effort, it does not make sense to create a separate system for ODA. However, ODA management does need a monitoring tool that addresses:

- financial record-keeping of all ODA to environment to assist government (CEC) in directing resources to priority areas;
- monitoring of project implementation across vertical levels of government, including monitoring of alignment of project objectives with national priorities;
- monitoring of efforts to mainstream environment into all ODA, and particularly monitoring for ODA projects with a potential to require mitigation for environmental impacts.

4 RECOMMENDATIONS

4.1 INSTITUTIONAL ARRANGEMENTS

The recent introduction of sectoral ministerial and departmental co-ordination clusters by the President's Office is an opportunity for promoting and effecting mainstreaming of environmental considerations across government. This structural re-alignment is also an improved opportunity to begin the inclusive development of a national sustainable development strategy.

Over the past five years a number of strong relational systems have been established between various donor organisations and various government departments and ministries. The social capital of these relationships is valued on both sides. Given underlying potentials for turf battles, there is likely to be resistance to suggestions for re-allocation of responsibility and authority in the mechanisms for soliciting, selecting and approving ODA for environment.

Efforts at encouraging improved management of ODA should rather be directed at supporting the provision of adequate institutional capacity for co-ordination, information sharing and knowledge management, led by DEAT's International Liaison Unit, and directed by the CEC. Effective use of co-ordinating structures such as the CEC and MinMEC depends upon the extent to which the co-ordination of ODA for environment is treated as a priority by political leadership and senior management.

1. It is recommended that specific attention and institutional support be provided to the International Liaison Unit within DEAT in order to maximise the chances of across-government co-ordination of environment ODA opportunities. It is important that the positioning, staffing, resourcing and mandate of the International Liaison Department within DEAT be clarified.

2. The International Liaison Unit should be supported in their recent efforts to create and maintain a publicly accessible environment ODA funding

database. This should be designed in close consultation with IDC to enable efficient and regular exchanges of relevant data and information.

3. DEAT's International Liaison Unit should be sufficiently resourced in order to create and maintain a website containing government-wide information on environmentally-related donor programmes, projects and upcoming opportunities, missions and meetings, as well as describing application protocols, procedures and formats. An e-mail circulation list could be used to inform those in government and elsewhere who are interested in developments and opportunities. Close liaison with the equivalent department within DWAF will be necessary.

4. The DEAT International Liaison Unit should also produce a manual (print and online) describing priority areas government has targeted for ODA environment funding. The manual should set out the criteria and processes of ODA environment funded project selection (this may initially be DEAT-specific, but could become sector-wide). A description of the necessary formats for project idea descriptions and proposals would be helpful. Lines of accountability and reporting requirements should also be described. Investigations should be initiated to determine the best means of building the capacity of interested provincial and local governments to identify, develop and write proposals for possible ODA support;

4.2 DONOR CO-ORDINATION

1. DEAT's recently established donor co-ordination forum is an important site through which the highest common denominator of interests could be established among government and the various donors interested in the environment sector.

2. DEAT should consider initiating regular independent reviews of ODA interventions in the environment sector as a whole, looking for lessons on improving alignment, distribution and donor co-ordination;

4.3 ALIGNMENT

1. DEAT should be supported in being able to provide annual written guidance for government departments on how environmental programmes, projects and activities can be conceptualised and designed such that they are supportive of and in line with national priorities as articulated in the MTEF and Presidential speeches;

2. The CEC is the appropriate forum for the approval of sector-wide means of prioritisation and alignment of environmental initiatives to be targeted for ODA support.

4.4 OWNERSHIP AND CONTROL

1. While DEAT should continue to take a lead in enabling a process of identifying priority areas for ODA environment funding, improved co-

ordination and communication with provinces and local government will ensure greater relevance, ownership and sustained success of selected projects.

2. DEAT could also add value through exploring partnerships with NGO and other agencies that could provide capacity-building and service assistance in projects involving local government and communities.

4.5 MONITORING AND EVALUATION

1. The cost of M and E is high, and unless the appropriate government institutions are willing to invest in M and E systems internally as part of a broader initiative and effort, it does not make sense to create a separate entire system for ODA.

2. As concerns environment, there is a need for monitoring as a management tool that addresses:

   ♦ Financial record-keeping of all ODA to environment to assist government (CEC) in directing resources to priority areas;
   ♦ Monitoring of project implementation across vertical levels of government, including monitoring of alignment of project objectives with national priorities;
   ♦ Monitoring of efforts to mainstream environment into all ODA, and particularly monitoring for ODA projects with a potential to require mitigation for environmental impacts.

3. For donors to expand reviews and evaluations to a context wider than just their own projects and/or country strategies. To afford recipient institutions the opportunity of also being part of the review context, and to have shared ownership through contributing to defining the terms of reference and staffing of the mission.

4. Departments should also consider the use of an overall sector analysis as part of enriching their own strategies and evaluations each year. This is with the view to determining whether their programmes have met objectives as set out in the individual business plans and the MTEF, and to develop indications of impacts in terms of environmental improvements.

4.6 BUILDING CAPACITY

1. Environmental mainstreaming will not take place until training and capacity building is provided to address the limited conceptual and technical capacity to integrate environmental concerns into an overall sustainable development paradigm – where public servants and donor desk officers have the tools with which to engage in considering and describing:

   ♦ the positive linkages between poverty reduction, economic efficiency and environmental protection;
   ♦ the achievement of an informed balance between sometimes competing and conflicting social, environmental and economic objectives.

2. The Environmental Capacity Building Unit (ECBU) within DEAT could be supported to implement opportunities for public servants and donor desk officers to have greater exposure to these issues.

3. While funding may be available, proposal-writing skills are inadequate at all spheres of government. This needs to be improved, and is perhaps an area, which the ECBU should consider as part of its training programmes. The transaction cost involved in ensuring high quality proposals is enormous on already overstretched staff.

4. A sustainable development process requires informed and able contributions by all major stakeholder groupings. The present capacity for such contribution by civil society is a limiting factor. Ongoing institutional support for environmental NGOs and environmental activities within development NGOs is strongly recommended.

4.7 ELEVATING VISIBILITY OF ENVIRONMENT-POVERTY LINKS

1. DEAT should be supported and encouraged in effecting a survey or research aimed at developing project ideas specifically targeted at addressing environmental problems adversely and disproportionately affecting poor rural and urban people. DEAT should also seek to maximise partnerships with civil society organisations in promoting and effecting such projects.

2. Donors should be encouraged to support NGO and community projects and programmes addressing environmental injustices affecting poor communities.

3. Recognising the absence of government environmental regulatory capacity, NEMA makes various provisions through which affected communities and local authorities may take action to protect and/or improve their environment. In addition to donors providing institutional support to government, it is important that the institutional capacity of civil society organisations is built so that they too may effectively play the role expected of them in the National Environmental Management Act.

4.8 MAINSTREAMING

1. The upcoming process of an inclusive development of a National Strategy for Sustainable Development (NSSD) is an opportunity for increased mainstreaming of environment across national strategic policy planning and implementation. Multi-stakeholder engagement in the development of the NSSD should be integral to this process. The development of the NSSD could be used an opportunity for the establishment of more permanent multi-stakeholder structures and processes to engage in environmental policy formulation and implementation, as provided for in the National Environment Management Act.

5 APPENDIX A: TRACKING THE FUNDING FLOW

The compilation of donor funding profiles was an attempt to quantify and analyze the funds that have been committed and disbursed by donors to various projects in the environmental sector during the period 1994-1998.

Our approach to tracking the financial flows was as follows:

♦ An initial letter was sent to all known donors in the environmental sector, requesting quantitative data for commitments and disbursements over this period.

♦ We reviewed received documentation and literature in the form of annual reports, reviews, business plans, and strategy documents provided by the donors along with information provided by the DEAT and DWAF for relevant information to complete the profile.

♦ Having encountered numerous obstacles (including reluctance and/or incapacity of some donors to provide information), observing various informational gaps, we forwarded the initial profiles to the respective donors for scrutiny and verification, requesting the addition and inclusion of 'missing' information.

♦ With the additional information and verification received from donors, we revised the profiles that are herein presented in the sincere hope that they are as accurate as possible.

♦ For comparative purposes, disbursements were converted into rands. The conversions were effected by using the annual currency exchange rate for each country as supplied by the Reserve Bank.

The exercise brought to light various interesting disparities, issues and restraints. The difficulties experienced in finding the relevant information for completing the profile, coupled with donor's expressions of difficulties in accessing and availing such information readily, underscored, for us, the need for government to have its own overall standardized recording system within the International Liaison Unit of DEAT. Different donors and recipients have varying reporting systems and modes of capturing data.

The following issues/constraints/obstacles/encounters are an interpretation of the experiences that we have gone through in our attempt at constructing a systematic profile.

Our findings were are as follows:

1. ***Insufficient available information***. Documents requested from certain donors did not contain data to complete the profile. Documentation received were mostly in the form of annual reports, mid-term reviews, business plans and country strategy papers which in many instances did not include the information relevant to completing the funding profile of the respective donor.

   The documentation was not comprehensive, particularly of assistance rendered in the early transition period. Most information relevant to compilation of the profiles was accessed and acquired from the DEAT and

DWAF records supplemented by what was available from donor documentation. However on verification with the respective donors it was evident that there existed various information disparities which are discussed below.

2. ***Untraceable projects***. At times, records of projects and amounts committed to projects indicated in donor documents and other reports could not be matched with departmental records. However this was sometimes the result of different names and ways of recording by the donor and recipient. Also the specific project may have been included under an umbrella program of broader funding and was therefore not traceable.

3. ***Lack of clarity indicating signing partners, implementing agencies, and beneficiaries***. Differentiation between signing partners (ownership of contracts) and implementing agents was not evident nor easily discernible. Though in many cases they are one and the same, we were reluctant to assume that the signing partners were the implementing agents in all instances.

It may very well be that the project once signed is subcontracted to another organisation, parastatal or NGO. With whom the contract was signed and at which governmental level (national, provincial, local), was not clearly recorded in documents available. Of course no provision is made in profile for the recording of the level at which the contract was signed, but the information is nonetheless seen as necessary in terms of institutional arrangements and ownership.

Of importance too is the indication and mention of the beneficiaries or target communities. This would indicate the areas and peoples affected by donor assistance. For instance, while a contract might be signed with a lead agency like DWAF, and reports show DWAF as the implementing agency, in actual fact Rand Water is executing the project. So in this case to verify whether the contracted agency is the implementing agency, we could only verify through interviews, or in other cases the donor or the implementing agency will have to revert to their files if the project had been completed.

In the process of verification we have found that in some cases if the original project manager or portfolio manager is no longer with the implementing or donor agency it is almost impossible to trace back the history of the project. The only institutional memory that would be available is transaction files. In some cases officials indicated that these records may be outdated, inadequately updated, or dependent on the quality of filing and record keeping.

4. ***Indication of the flow and channeling of funds***. There was no clarity or indication of the way the funds were channeled to the projects. That is, was it through the RDP Office, controlled and directed by the donor, to the national department directly, to the provinces directly or indirectly via the national department, or tendered out in the host country etc?

In general, it is assumed that because the IDC has signed off the project document, and that the agreement falls under the framework of the RDP Act, that the funds go via the RDP directly to the recipient. This we have

found to vary from one donor to the other as each used different institutional mechanisms for channeling funds. Some have created a section 21 company, others channeled money through host country agencies, and others through NGOs and parastatals.

5. ***Provincial involvement****.* Some donors clearly stated involvement at National level only, whereas others showed provincial preferences namely to the poorer provinces: Eastern Cape, Northern Province, Mpumalanga, North West and KwaZulu Natal. While donors indicated target provinces it was still difficult to determine exact distribution as only 2-3 donors have data disaggregated per thematic area and provincial versus national allocations.

6. ***Funding to NGOs****.* The bilateral focus of study, and time constraints, limited extensive reflection of non-state stakeholders. Departmental records noted funding to the department and randomly recorded funding to NGOs.

   We did not acquire from NGOs documentation/record of funding amounts to various projects. As such recording of aid to NGOs was included, in some instances, when donors updated profiles (most documentation indicate/refer to bilateral aid only). The extent of funding to NGOs is not always indicated in documentation or easily discernible unless specifically stated by the donors. However this is a little more complex in that the support to NGOs may be direct through grants or indirect, when they become implementing agents to governmental agreement and acquire contracts via competitive bids or partnerships.

   Therefore our profiles are inconclusive, and do not provide an empirical basis to formulate sound opinion as to the level of assistance to NGOs. From interviews however, we have managed to gain some qualitative anecdotal information as to the level of support for NGOs.

7. ***Currency.*** At times, departments recorded values in rands, and then alternated between rands and donor currency, or recorded values in donor currency. Therefore the capturing of values will show considerable variation due to currency fluctuation for different disbursement periods. Making the commitment either less or more if they were converted to rands. This led to confusion in trying to discern between certain projects with amounts recorded in differing currencies, especially when the projects were titled under different sectors. (see discussion later on this subject).

8. ***Type of aid.*** It is often difficult to differentiate and assign amounts and proportions to the type of aid offered by the donor to a project, i.e. how much were grants, capital cost, and technical assistance. In general, except for one or two donors, the majority of funding we verified were grants and technical assistance. It is also assumed that technical assistance implies only foreign expertise, when in fact a great deal, for most donors is the procurement of services from local consultancies. Few donors had records available that specifically recorded proportions of funding for technical assistance.

9. ***Amounts actually disbursed in implementation versus expenses****.* From the documentation it was not clearly discernible what amounts actually went into operational and salary expenses versus amounts to actual implementation.

Most if not all amounts are assumed to include operational and salary expenses.

10. ***Double accounting/duplication of projects****.* Differences in naming, in amounts and usage of recording currency added to the confusion where many a project was recorded twice. Often as well, amounts for an indicated project were added into an enveloping project.

    Confusion resulted from a difference in naming and the lack of knowledge with regard to inclusion of the project under an umbrella program. In some cases while we regarded a project to be an environmental project it turned out to be classified as something else by a donor. For instance the DEAT recorded a tourism SMME project as a environmental and spatial development initiative, when verifying this project with the donor, they indicated that under their classification it was regarded as part of the SMME program.

    We found this mixing of definitions throughout our evaluation. We presume that because many projects cannot be sector bound, recipients or donors chose to categorise them under definitions that met their own objectives or criteria or where it was deemed to be most appropriate for the sake of expediency.

11. ***Inaccurate amounts****.* This was very apparent in almost all instances where amounts reflected in donor documentation did not precisely match the amounts indicated in departmental records. A number of factors can be offered as explanations, such as: rounding off, change in amount committed as opposed to disbursed, inconsistency in use of currencies, and extensions to project implementation. As a case in point, we found a disparity between DWAF and USAID amounts recorded for a water and sanitation project. DWAF records indicate the project value as being R25,2 million versus the USAID commitment of only $2,7 million.

12. ***Changing project periods****.* Project periods were shifted or extended due to a delay in implementation. This was very often the case.

13. ***Status of projects unclear/ not clearly described****.* Relying on stated project inception and completion to determine the status of the project was a not a reliable form of information. Only project status reports, extension reports or verification by the donor could we determine the actual status of the project.

14. ***Changing amounts****.* Amounts committed were seen by certain donors as fluid since in many instances the progress and the needs of the project dictated this. Donors did indicate that committed amounts were likely to change. Of note is the fact that predicted yearly disbursements were no indication of the actual yearly disbursements. This was true in most instances and some donors were hesitant to record predicted amounts as yearly disbursements until these have actually been disbursed.

15. ***No clear breakdown of projects****.* In some cases where a framework agreement provided a lump-sum value for disbursement over a period, information on actual projects and disbursements is not apparent. Only on further investigation outside of the records was it made clear where disbursements went.

16. *No standardized format of recording project budgets and expenditures*. The exercise in itself highlights the need for such a standardizing of data recording. Outlining the required information, formatting a recording system, recording the information and making it available.

17. *Calculating yearly disbursements*. Accessing yearly disbursement amounts was difficult for many donors since they would have to go into individual project files and calculate or sum up amounts from records contained in these files. However, some donors indicated that the amounts could be availed from the donor country database, but this would take some time. Some donors suggested that since they could not accurately verify annual disbursements, we work with an 'assumption' of dividing the commitment amount equally for the duration of the agreement.

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