

SECTION 3 : STAKEHOLDER PRESENTATION AND RESPONSES TO DRAFT FINAL REPORT

This section comprises:

I: the Draft Final DCR II workshop report,

II: Key points from the written responses from the stakeholders and our response to the issues raised. This part also contains a revised table of the global data set of ODA for the period 94-99 received after the deadline for the initial data collection process.

III The slide presentation which formed the basis of the first public presentation of DCR II.

I DCR II Draft Final stakeholder workshop. Pretoria, 21 September 2000

Participants

Key Development Co-operation Stakeholders, including representatives from:

- ◆ International Donors (bi-lateral and multi-lateral) to South Africa
- ◆ National departments and provincial administrations
- ◆ Civil society bodies selected by International Development Cooperation (IDC)
- ◆ Consultancy teams that worked on range of component studies and discrete elements of DCR II.

Workshop Chairperson: Shaheed Rajie, Chief Director, International Development Cooperation, National Treasury (formerly Dept. of Finance).

Presentation of Report: Mr Rajan Soni, International Team Leader (ITL) of DCR II.

Workshop Objectives

- ◆ Public presentation of Draft Final Report to stakeholders to mark completion of DCR II process
- ◆ Presentation of the main quantitative and qualitative findings of DCR II (including data set), highlighting the principal features, arguments and recommendations of the report.

- ◆ Opportunity for stakeholders to seek clarification on ideas in DCR II, and invite stakeholders to offer factual corrections to be incorporated in final document
- ◆ Begin discussion on changes required to define a new ODA (Official Development Assistance) paradigm and the institutionalisation of a revised operational framework for the management of ODA.

Expected Workshop Outputs

- ◆ Public closure of the DCR II process
- ◆ Help guide readers through substantive DCR II document
- ◆ Discussion of new SA-led, SA-centred management of ODA paradigm and possible consequent change management process
- ◆ Familiarise stakeholders with these ideas and hence prepare the ground for possible changes, in terms of conceptual acceptance and resource commitments.
- ◆ Provided guidelines to stakeholders for post-workshop written submissions on factual amendments to the Final DCR II report.

Workshop Opening And Introduction

The Chairperson welcomed all participants to the workshop.

He introduced the DCR II as the first of its type, internationally. The report was described as an independent study undertaken by external consultants and based on a unique combination of qualitative and quantitative research methodological processes. It provided the first comprehensive, global appraisal of development co-operation to SA over the period 1994-1999. The report would be made available to the public on a dedicated web site shortly.

The Chairperson outlined the underlying assumptions and operating framework for the workshop:

- ◆ DCR II represented the views of the consultants who compiled it, not of IDC or the government.
- ◆ This was the final workshop on the process, and would focus on the Draft Final Synthesis Report.
- ◆ The workshop would not be an occasion to discuss findings of earlier individual component studies. Workshops for individual component studies had already been held.
- ◆ Factual corrections were to be submitted in writing to IDC by stakeholders by 29 September 2000.

- ◆ Corrections would be passed on to consultants for consideration and possible incorporation in the final report.

Presentation 1: Main Findings And Thesis Of DCR II

The ITL Rajan Soni led the presentation of the main findings and thesis of DCR II supported by Alex Saelaert of IDC who covered the presentation of the DCR II data set.

Plenary Discussion On Presentation

Below we summarise the main themes and comments from the floor raised in the first plenary session following the presentation of the report:

General Reaction to the Report

The report was generally welcomed by the donor community as a comprehensive, rigorous and substantive document which raises the correct issues.

Qualified Criticisms

- ◆ Notwithstanding the workshop guidelines the Department of Education representative suggested that the education component study could have benefited from deeper analysis. The team leader of the Education Study team took issue with this assessment.
- ◆ The question of sector support should be given greater emphasis.
- ◆ The report does not sufficiently represent civil society and NGO views

Donor-RSA Relationships and Cooperation

- ◆ The report should be considered by government and an official position should be taken on the issues raised.
- ◆ The nature of the partnership between donors and government should not be a mechanistic one, but interactive and creative.
- ◆ Better co-ordination of ODA and its alignment with the Government's own planning, programming and financial management systems is important.
- ◆ There is need for a more coherent expenditure and implementation development strategy on the part of government, which could then guide and inform the flow of ODA to target areas.

- ◆ How important is ODA to South Africa, if it amounts to only 1% of the budget?
- ◆ One should not be misled by the 1% statistic. It should not be measured against the total budget, but against the finance actually available for development and poverty relief in South Africa.
- ◆ ODA should not be lost in the overall budgets of government departments. It should be qualitatively different from funds ordinarily spent by government.
- ◆ Must implement the proposal of an annual conference as soon as possible.
- ◆ There is a need to be clear on our shared development paradigm ('trickle down' vs. 'trickle up' or other?)
- ◆ There is an opportunity for regional co-operation and skills transfer beyond SA borders.

Direction of ODA and alignment with Government programmes

- ◆ There is an urgent need for a clear poverty alleviation framework, within which donor funds can be utilised.
- ◆ Aid should be targeted at disadvantaged communities, and civil society organisations.
- ◆ The focus of ODA should be leverage of support to the poorest.
- ◆ Need to return to the RDP principles of 1994. Tackling poverty is a core business of government. Aid is important, but not special. The funds should be drawn directly in to government programmes.

Presentation 2: Future Management Of ODA: Implications of the DCR II

This presentation was based on Chapter 10 of the Synthesis Report (see Section 1: Main Report, above)

Discussion By Syndicate Groups

Syndicate groups of between 7 and 10 members discussed a number of fundamental questions, with reference to the change management model proposed in Chapter 10: 'Change Management', of the DCR II Synthesis Report.

The questions directing discussions were:

- ◆ Where do we go from here?
- ◆ What next after the DCR II?

- ◆ Is the change model largely acceptable and valid?
- ◆ Do you have any suggestions for improving the suggested change strategy?

Group Reports

Below we summarise and synthesis the main points emerging from the syndicate groups.

**WHERE DO WE GO FROM HERE?
WHAT NEXT AFTER DCR II?**

Government should lead, building on the DCR II

- The DCR II report provides a good conceptual analysis and foundation on which to build an effective framework for ODA management.
- There is a fair amount of goodwill in the ODA arena. However, the process forward must be designed to ensure further co-operation and to reduce struggle for 'turf' between donors.
- Process forward should be led by South Africans
- IDC should consider and respond to the report, and report to the Minister of Finance.
- The finalised document should be circulated to Portfolio Committee, Premiers, Civil Society, Embassies, etc. for their comment.
- On that basis IDC can develop an appropriate action plan and present to Cabinet for approval and policy statement.
- Government through IDC, should consolidate and implement the main recommendations.
- IDC to report back to participants after six months. This should include a vision of the role and place of development assistance within broad governmental development policies and programme.

Poverty focus

- It is essential that the resulting policy framework is pro-poor.

Civil Society

- Need to look carefully at development assistance funding for civil society organisations.
- Should include the youth as a cross cutting issue.

Training on ODA Management

- IDC to provide training to line departments in management of ODA.

IS THE CHANGE MODEL ACCEPTABLE AND VALID? ANY PROPOSALS FOR IMPROVING THE SUGGESTED CHANGE STRATEGY?

Validity of proposed change model

- The model is good. But will it be implemented?
- Will time be given to fine-tune it? Time should be allowed for comments on the model and these should be collated and incorporated into final strategy;
- The MTEF: is it an adequate basis from which to derive an ODA specific framework?

Improving the proposed change strategy

- Prioritisation is the next step, followed by a timetable and task allocation;
- The new vision entails a commitment of resources (time, money, people, expertise);
- Attempts should be made to get consensus on the strategy between the main role players;
- Workability of the strategy should be tested prior to full scale implementation;
- The “new explicitly SA-led, SA-centred Management of ODA framework” (p.202) should include more effective management within different levels of government and between government and civil society;
- Role of IDC in change strategy should be clear, and based on a strong mandate from President, Cabinet and the Minister of Finance;
- Ongoing co-ordination, networking and information sharing is key;
- If Cabinet defines policy (p.202), it must do so only once fully informed by all spheres of government and civil society. The vision given by Cabinet should be at a broad, macro level. Visible political commitment to ODA will enhance its impact;
- Important to focus the strategy on specific issues (e.g. best practice), so as not to lose impact;
- Too little emphasis on role of civil society and NGOs – there is a need for a forum to allow consultation between all relevant role players on how ODA should be managed and implemented. This forum (or ‘High Council for Co-operation’) could play an advisory role to government and the donors;
- The forum could be linked to an annual stakeholder conference for donors, synchronised with the MTEF cycle;
- Co-ordination across levels of government (local, provincial and national) is very important. New systems are required to facilitate this. Sectoral support focus will also promote co-ordination.

CLOSURE

Rajan Soni thanked all who had contributed to the report and to the workshop. He indicated that only factual corrections would be incorporated into the final report. Further analysis, interpretation, policy discussion and strategic planning should be dealt with in the ensuing debate on ODA between government and key stakeholders, which the DCR II will hopefully stimulate.

Shaheed Rajie closed the workshop with the invitation that any further comments and factual corrections should be submitted to Alex Saelaert of IDC by 29 September 2000.

The deadline for the finalisation of the report would be 15 October 2000. The report would be posted on a dedicated web site as soon as possible thereafter.

II Stakeholder Comments to DCR II Draft Final Report and Consultants' Response

Introduction

Written submissions received by IDC following the distribution and presentation of the SA DCR II Draft Final Report fall broadly into four categories:

- 1 Main Strategic Areas of Focus for Donors detailed in Chapter 4 of the Synthesis Report. Four donors suggested that areas of priority given in the draft report do not accurately reflect their focus areas.
Respondents: AusAID, Finland, Germany (GTZ) & Norway
- 2 Changes to the ODA figures presented in Chapter 5 of the Synthesis Report. Responses from thirteen donors came with new, updated, additional or re-classified data. These figures are of four types:
 - ◆ New ODA figures from donors not represented in the original matrix (5.5.3 of Synthesis Report, Table 3 'ODA commitments by donor').
Respondents: Canadian International Development Agency (CIDA) and Portugal.
 - ◆ Updated⁸⁴ figures at variance with the amounts the donors had submitted originally to the DCR research team in the course of our iterative data gathering exercise.
Respondents: Denmark, Netherlands, Spain, USAID
 - ◆ ODA figures filling in the gaps for particular years, given that some donors had not originally submitted figures for all six years in the period 1994-1999 covered by the DCR team.
Respondents: Finland, France and UK DFID
 - ◆ Donors who wished to see the original figures described as disbursements figures rather than commitments.
Respondents: Finland, Sweden and UK DFID
- 3 Three donors asked that the DCR II report differentiate between donors who offer ODA only in grant form from those who offer ODA in the form of loans, or a combination of loans and grants.
Respondents: Italy, Sweden & UK DFID
- 4 Six stakeholders asked for descriptive and analytical changes in the material, and in the nature of the recommendations we made.
Respondents: SA Department of Labour, European Union, Germany (GTZ), Finland, Ireland, Norway, Sweden and UK DFID

⁸⁴ The updated figures have not been subjected to the verification process used for the original data collection process.

We comment below on our response to these issues raised by stakeholders.

Strategic Areas of Focus for Donors

Table 2: Main Strategic Focus Areas for Donors, at the end of Chapter 4 of the Synthesis Report contained information disputed by the four donors. This table has been amended in this version of the DCR Report taking note of the comments received from the respective donors.

Significantly, the table in the Draft Final DCR II was not produced analytically by the consultants but compiled entirely on the basis of information sourced from records in IDC. The 'errors' confirm the need for better cooperation between the principal stakeholders, and the importance of validating such assumptions through better communication between IDC and donors.

However, we note that once IDC's dedicated ODA website is established, this kind of information will be in the public domain, and donors should be able to check and confirm the accuracy of the material by consulting the website.

Changes to the ODA figures presented in Chapter 5 of the Synthesis Report

The ODA figures presented in 5.5.3, Table 3 of the Draft Final DCR II Report were the consequence of a consultative process of data gathering designed to generate an iteratively and self-verified data set⁸⁵, based on the donors' own submissions.

In the course of assembling the dataset, the DCR team was confronted with a number of issues that needed to be resolved in order to produce a *global* dataset based on definitions and variables which could cover the submissions of *most* donors. Two issues emerged as being of critical importance in this respect:

- ◆ Whether the quantitative data set at the heart of DCR II should be based on commitment or disbursement figures, and if the latter, whether these disbursement figures should be sourced from donors or recipients.
- ◆ The definitions and taxonomy to be used for ODA. Three schema were possible here: the OECD DACS system, the UNDP DACS system or a wholly homegrown SA taxonomy of sectors of destination.

This discussion is covered in greater Chapter 5, but to reiterate, the approach taken by the DCR team in consultation with IDC, was to pursue a research process which was practical, user friendly and likely to generate optimum engagement and responses from donors.

⁸⁵ We refer readers again to the Research Methodology described in Part One of Chapter 5 of the Synthesis Report.

The decision to use commitment rather than disbursement figures was thus a pragmatic one, given that most donors were unable to supply accurate disbursement figures. Essentially, the DCR team were supplied more data reflecting commitments rather than disbursements. This highlights the fairly general inadequacy within donor agencies, and government departments, for accurately tracking programme expenditure.

Our judgement was that notwithstanding these limitations, provided stakeholders subsequently did not disown the figures they had themselves submitted, the DCR II data set would produce a global set of ODA commitment figures which were accurate within a margin of error of plus or minus less than 5%.

As such the DCR II global data set would not just help to provide the first meaningful reference point for discussion on ODA, but almost certainly stimulate returns from stakeholders whose data was missing, and encourage the existing compliant group of stakeholders to improve the quality of their returns as they benchmarked their performance with peers.

Both of these developments have now clearly occurred, and our expectation is that the new figures will be scrutinised and processed by IDC and other stakeholders, and incorporated in the revised up-to-date data set that is expected to be built on the platform of DCR II figures, and published by IDC on the internet.

Differentiation between donors

Responses to the DCR II draft final report suggest that donors should be classified into three categories:

- ◆ Those whose ODA is in grant aid form
- ◆ Those who offer ODA in the form of loans and grants
- ◆ Those who offer ODA in the form of loans only.

Notably all the respondents asking for this form of differentiation offer ODA in the form of grant aid.

We have chosen not to adopt this taxonomy. Our reason for this lies in the essential story line for DCR II which is described in Chapter 1 and woven through the main report.

The central thesis of this report is SA ownership and control over ODA, and utilising and targeting ODA to meet SA's own development objectives. From this perspective the difference between:

1. Grant based ODA (with the disaggregation between TA and pure grant finance unspecified in the ODA submissions of virtually all donors), and
2. ODA loans (tied or untied)

is of secondary importance.

The key questions in our view are:

- ◆ What forms of ODA add value to SA development process?
- ◆ Who determines these forms of ODA?
- ◆ Who controls and manages the ODA paradigm?

We would contend that dividing donors into grant and loan based ODA agencies is a distraction from a more fundamental line of enquiry: How can SA ensure ownership and control over the nature, targeting and utilisation of ODA? And what donors are more amenable to this form of partnership?

Descriptive and analytical changes in the material presented in the various elements of DCR II, and in the recommendations of the Synthesis Report.

We have dealt with these points in two ways.

Our fundamental line has been to maintain the integrity of the story line and argument presented in the Draft Final DCR II Report. We have made no substantive changes to the material or to the recommendations. In that sense there is no change between the draft version and this Final DCR II Report.

However, we have made minor revisions to the text, noting the points of clarification and precision where we have been properly corrected by stakeholders, and in some cases adding factual details in the interests of accuracy and balance.

These changes are too minor to be noticed by those who do not have a direct interest in the issue raised. However, hopefully they will be visible to the respondents who asked for changes in descriptions, nomenclature or subtle content.

Revised Table 3 of ODA commitments by individual donors.

Our approach in this regard has been to avoid making changes to the original dataset presented in the first workshop. Our view is that this data is the culmination of a methodology which was open, participative, recursive and designed for verifiability. Donors were invited to participate in the design of the questionnaire, and were shown the data collection instrument at a workshop. Their comments, together with those of IDC were taken into consideration and the software package was re-designed. The software program was then sent out into the donor community.

Donors agreed at that meeting on a time frame for the data collection. Data returned by the deadline was processed into the dataset presented in Table 3. Submissions to IDC after this deadline clearly could not be included, and hence are not reflected in that table.

Further work and modification of this global data set would have had two critical consequences. It would have further delayed the production of the DCR II Report, and secondly, it would have introduced into the aggregate table fresh unsubstantiated data that had not been subjected to a verification process.

In the interest of accomodating stakeholder views, we present a revised version of the global dataset summarised in Table 3, which incorporates data that has been faxed or e-mailed to IDC subsequent to the presentation of the Draft Final Report. In presenting this material, three points of qualification should be noted. This table:

1. Is not derived from project level or annual summaries of data submitted using the software programme.
2. Is not reflected in the interactive dataset on the DCR II CD-ROM.
3. Has not been subjected to the process of verification used in the original dataset.

Table 24: Revision of Table 3 with new data received after the stakeholders workshop.

DONOR	1994	1995	1996	1997	1998	1999	Total	Changes
<i>Australia</i>	4 613	23 290	21 640	32 950	31 270		113 763	U-
<i>Austria</i>	150	7 922	8 107	8 129	*	*	24 308	
<i>Belgium</i>	5 078	44 632	3 476	34 646	6 336	2 892	97 060	
<i>CIDA</i>		80 972	71 652		12 977	49 382	214 983	N
<i>China</i>	*	*	*	*	137 137	*	137 137	
<i>Denmark</i>	118 054	124 859	188 060	181 608	88 647	218 000	919 228	U+
<i>DFID****</i>	82 524	93 017	113 504	183 715	245 886	296 750	1 015 396	N
<i>EIB</i>	209 819	210 872	299 305	1 035 380	828 729	649 283	3 233 388	
<i>EU</i>	428 650	577 862	690 599	663 372	791 744	831 160	3 983 387	
<i>Finland</i>	*	43 170		5 230	*	54 480	102 880	
<i>Flanders</i>	390	2 874	2 723	3 218	4 094	2 422	15 721	
<i>France</i>		115 058	28 202	147 284	318 018	212 191	820 753	NU+
<i>Germany (GTZ)</i>	22 873	70 518	382 273	29 150	208 463	117 361	830 638	
<i>IDRC</i>	10 037	10 523	6 439	19 655	18 829	11 981	77 464	
<i>ILO</i>	60	*	*	*	166	440	666	
<i>Ireland</i>	10 040	6 684	6 306	52 714	5 549	12 824	94 117	
<i>Italy</i>	6 221	4 940	3 615	85 298	3 227	1 895	105 196	
<i>Japan</i>	9 808	16 341	324 236	320 539	68 594	49 725	789 243	
<i>New Zealand</i>	1 116	*	72	7 307	3 659	3 246	15 400	
<i>Norway</i>	139 432	49 659	21 590	88 410	83 760	29 723	412 574	
<i>Netherlands</i>	9 858	94 240	97 870	51 923	140 177	146 998	541 066	U-
<i>Portugal</i>	1 324	2 244	2 153	2 275	2 629	9 324	19 949	N
<i>Spain</i>	*	3 907	880	818	8 463	12 306	26 374	U-
<i>SDC</i>	26 925	19 957	74 403	58 008	60 064	20 933	260 290	
<i>SIDA</i>	88 071	259 696	58 533	242 268	181 757	271 938	1 102 263	
<i>UNDP</i>	1 913	63 177	9 054	57 000	28 703	25 144	184 991	
<i>UNESCO</i>	*	*	728	2 334	*	*	3 062	
<i>UNFPA</i>	*	3 445	6 870	9 761	677	*	20 753	
<i>UNICEF</i>	*	*	*	22 140	19 029	24 284	65 453	
<i>USAID</i>	464 870	445 770	514 720	398 070	387 270	287 290	2 497 990	U-
<i>WB</i>	2 661	*	*	*	1 975	6 296	10 932	
TOTAL	1 644 487	2 375 629	2 937 010	3 743 202	3 687 829	3 348 268	17 736 425	

Key to change column.

The change column indicates changes from the original Table 3 in Chapter 5. Code U+ means the data has been updated, and has increased. Code U- means the data has been updated, and has decreased. Code N means the data is new.

III Slide Presentation



Development Cooperation Report



Story Line



Consistent Message: Re-Vision ODA
Paradoxical recipient of ODA
Re-examine ODA from first principles

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Chapter 1: Story Line

Consistent Message: Re-Vision ODA

Paradoxical recipient of ODA

1. Confident resource-rich, middle income country
2. ODA Commitments for 1999
 - 1.04% of Govt Budget
 - 0.28% of GDP

RE-EXAMINE ODA FROM FIRST PRINCIPLES

- Does the country need ODA?
- Does it want ODA?
- If so, what kind of ODA?
- Why?
- On what terms?
- How should it manage and direct ODA?



Story Line



Two Paradigms

Conducive conditions

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TWO PARADIGMS:

- Relatively laissez faire. Alignment broadly left to donors; tuning via bilateral consultations. 'ODA Management Framework'
- Explicitly SA-Led SA-Centred Approach to ODA. Proactively & rigorously determine form of ODA that add value. Source ODA on the basis of international comparative advantage. Direct & target ODA that it chooses to receive to priority areas on the basis of policy priorities established by Cabinet and derived by nationally determined development plan.

CONDUCTIVE CONDITIONS

- International Goodwill
- Natural Authority
- Intellectual and physical resources capable of converting ODA into creative intellectual capital and productive infrastructure
- Data set; empirical evidence, emerging MIS instruments
- Favourable government and presidential policies e.g. African Renaissance
- A confident, magical country where transformative experiments occur.



Overview and Central Themes of DCR II



- From DCR I to DCR II
- DCR II asked to look for ODA alignment with MTEF

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- o **From DCR 1 to DCR II**
 - SA ownership of DCR II process
 - Tighter focus on alignment
 - Accurate Data Set
 - Stakeholder consultation
 - Institutionalisation of DCR II processes & instruments
- **2. DCR II asked to look for ODA alignment with MTEF**
 - Assumption: ODA aligned with MTEF = maximum impact
 - Assumptions underlying this formula beyond scope of DCR II
 - Critical underlying assumption include – RDP to GEAR shift in policy framework retains pro-poor, redistributive thrust of RDP; MTEF establishes clear priorities; government institutions deliver effectively.



Overview and Central Themes of DCR II



3. Partnership as a means to development, partnership as an end of development
4. Questioning the value of ODA

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3. PARTNERSHIP AS A MEANS TO DEVELOPMENT, PARTNERSHIP AS AN END OF DEVELOPMENT

- Why are donors here? Repairing injustices of Apartheid; alleviating poverty, addressing inequality; supporting democracy & good governance; promoting economic growth; consolidating trade links...
- Not just possibility, but ODA increasingly part of complex set of links moving towards 'partnership as an end of development.'

4. QUESTIONING THE VALUE OF ODA

- Relations between partners affected by in colonial legacy of Europe's relationship with Africa
- These complex policy tensions and behavioural dynamics latent in ODA discourse and actual conduct
- Hope that DCR II will force this debate into open
- SA needs to decide whether it needs ODA to achieve its own vision of development, the value it places on the ODA it wants, and then act authoritatively.



Overview and Central Themes of DCR II



5. The DCR II view on the value of ODA: virtually free knowledge capital and risk capital
6. From ownership of the DCR process to ownership of ODA

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5 THE DCR II VIEW ON THE VALUE OF ODA: VIRTUALLY FREE KNOWLEDGE CAPITAL AND RISK CAPITAL

- ODA could be seen as a virtually free 'leading edge knowledge and venture capital'
- An intellectually and materially resourced international research and development fund.
- Could accelerate and add value to SA's development trajectory
- Help with cost effective implementation strategies
- Could help with capacity building
- But two edged sword... knowledge capital as a means of control over 'management of meaning'
- Relationship should be free from dependency vs. independence tension and move to healthy respectful inter-dependent partnership

6 FROM OWNERSHIP OF THE DCR PROCESS TO OWNERSHIP OF ODA

- Key original & emergent thesis of this report
- SA ownership of ODA not contested
- Economic, normative, political and pragmatic basis for this
- ODA of limited monetary value
- Key issue: **how** does SA exercise authority over ODA?
- Authority begets responsibility.



Overview and Central Themes of DCR II



7. The new SA management of ODA paradigm
8. Producing verified quantitative data, and hence stimulating the demand for data

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7 THE NEW SA MANAGEMENT OF ODA PARADIGM

- SA led, SA centred
- But - Not a return to old centralism
- Conceptually clear, operational dynamic strategic framework
- Unambiguous policy framework from government to direct ODA
- Interpretive Intellectual Leadership with DoF

8 PRODUCING VERIFIED QUANTITATIVE DATA, AND HENCE STIMULATING THE DEMAND FOR DATA

- Institutionalise dynamic MIS systems
- Produce accurate data to make informed decisions on ODA... feed to Cabinet and feed into other strategic decision making processes
- Supply data to parliament and provincial legislatures to ensure oversight ... and stimulate the thirst for even more detailed data
- Need to strengthen independent civil society organs capable of scrutinising and critiquing government's ODA policy frameworks and management of ODA.



Consultancy Approach



1. Terms of reference

2. Planned research methodology

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1 TERMS OF REFERENCE.

- Re-defined at outset of consultancy
- Evaluate ODA in terms of alignment with MTEF
- Accurate verified data set for period 94-99
- Design generic M & E system to ensure alignment with government priorities

2 PLANNED RESEARCH METHODOLOGY

- SA ownership of consultancy process
- Combination of quantitative and qualitative approach
- Emphasis on stakeholder consultation and iterative validation
- Institutional sustainability beyond DCR II – data collection tools
- Broad sectoral and thematic scope
- Attempt at sequencing ... Phase 1 – international comparative study of DCRs; critique of donors' own M & E studies. Phase 2 – quantitative data collection. Phase 3 – Qualitative component studies



Consultancy Approach



- Actual methodology
- Definitions
- Commitments versus disbursements

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3 ACTUAL METHODOLOGY

- Some changes, other aspects as planned.
- Qn. & Ql. Processes run in tandem; strong emphasis on validation and consultation retained through stakeholder workshops.
- Qualitative assessment based on 'Intelligent sampling' of ODA programmes and projects selected by consultants
- DCR II a microcosm of multi donor projects – difficulties in timely mobilisation...not as much synergy and iteration as hoped and planned for.

4 DEFINITIONS

- Used OECD DAC definition of ODA since data assembled on the basis of donors' own submissions.
- We note the slight difference in definition from the SA perspective and recommend that when MIS are in place to capture data accurately on the basis of these definitions then these should be used.

5 COMMITMENTS VERSUS DISBURSEMENTS

- DCR II records commitments not disbursements. Disbursement figures obviously likely to be less – 100% efficiency in converting commitments to disbursements highly unlikely.



Historical and Contextual Framework



1. Period marked by shift in dominant macro-policy framework from RDP (94-96) to GEAR (96-99)

2. The absence of an explicit poverty elimination policy framework

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1 PERIOD MARKED BY SHIFT IN DOMINANT MACRO-POLICY FRAMEWORK FROM RDP (94-96) TO GEAR (96-99)

- Debate on human rights and whether SA has a 'rights based approach to development'.
- SA can claim success in enshrining political and individual rights, but performance poorer in terms of socio-economic rights
- Donors with a growth-based, or not explicitly pro-poor approach to development, able to direct ODA more liberally than they would have been able to if a tighter, explicitly poverty focused policy framework existed. (See SMME study – ODA moving to going concerns rather than survivalist enterprises)
- 17 out of 26 donors surveyed listed poverty alleviation as one of their major focus areas, confirming need for greater government direction.

2 THE ABSENCE OF AN EXPLICIT POVERTY ELIMINATION POLICY FRAMEWORK

- Debate on human rights (covered in greater detail in D & GG Report), and whether SA has a 'rights based approach to development'.
- SA can claim success in enshrining political and individual rights, but performance poorer in terms of socio-economic rights i.e. land, housing, economic opportunity.
- Donors with a growth-based, or not explicitly pro-poor approach to development, able to direct ODA more liberally than they would have been able to if a tighter, explicitly poverty focused policy framework existed. (See SMME study – ODA moving to going concerns rather than survivalist enterprises)
- 17 out of 26 donors surveyed listed poverty alleviation as one of their major focus areas, confirming need for greater government direction.



Historical and Contextual Framework



- The MTEF
- 4. ODA to SA historical and current trends
- 5. Trends: 1994 onwards and main strategic focus areas for donors

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3 THE MTEF

- Budgetary planning instrument, not really a policy framework
- Six broad areas listed, but no definitive priorities
- Even if an open MTEF necessary for domestic purposes, need for government to interpret more narrowly and precisely for ODA purposes with distinct set of priorities, an 'MTEF for ODA'.

4 ODA TO SA HISTORICAL AND CURRENT TRENDS

- 1980 to 1990 – no official ODA... aid largely to progressive civil society organs and anti apartheid movements
- 1990 – 1994 – increased interest in SA with the unbanning of the ANC

5 TRENDS: 1994 ONWARDS AND MAIN STRATEGIC FOCUS AREAS FOR DONORS

- Formulation of policy and legislative frameworks
- Creation of new institutional arrangements & structures to translate and deliver new policy frameworks
- Focus on capacity building, transformation & representitivity.
- Improving speed & effectiveness of implementation
- Enhancing provision and deliver of basic services
- Declining support to civil society organisations, and aid going to this sector going mostly to those bodies engaged in service delivery rather than campaigning and advocacy.
- Now three major themes visible:
 - Social development
 - Further consolidation of democracy and good governance
 - Development of SMMEs and international business partnerships to promote economic development & enhance current and future trade links.



Collection and analysis of DCR II quantitative dataset



- Research methodology

Development Cooperation Report II 1994-1999

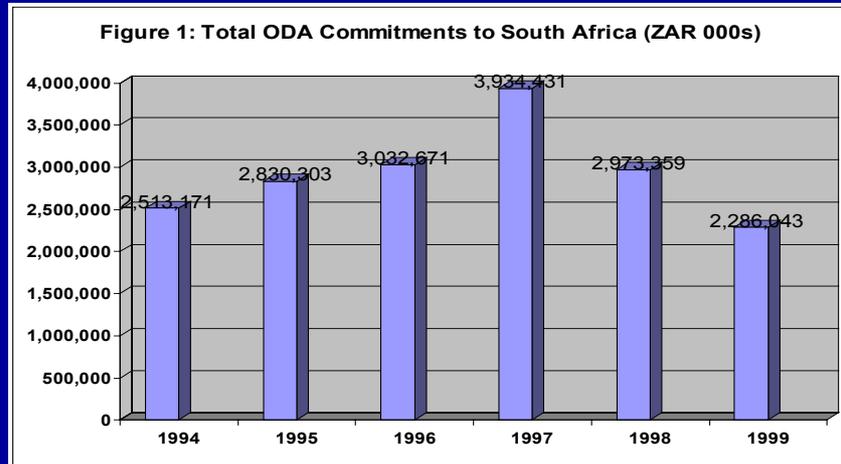
slide 12

1 RESEARCH METHODOLOGY

- Data Collection process based on consultation and collaboration with donors
- Development of a data collection instrument and user manual
- Agreeing definition – working with the OECD DACS definitions and taxonomy
- Responses from donors –
 - participation with full cooperation: majority of donors including major donors
 - participation with no cooperation – data provided but not in format specified by DCR II team
 - non-participation... ironically some donors.
- Currency conversions:
 - ODA figures in currency of choice of donor; conversion done by DCR II team
 - Currency conversion calculated on basis of prevailing exchange rates in the year the commitment made
 - Conversion using annualised average rate for each foreign currency against ZAR for year in question
 - Currency conversion rates obtained from SA Reserve Bank
- Validity checks
 - Test for user & system missing values
 - Test for out of range values
 - Tests for anomalies



Collection and analysis of DCR II quantitative dataset

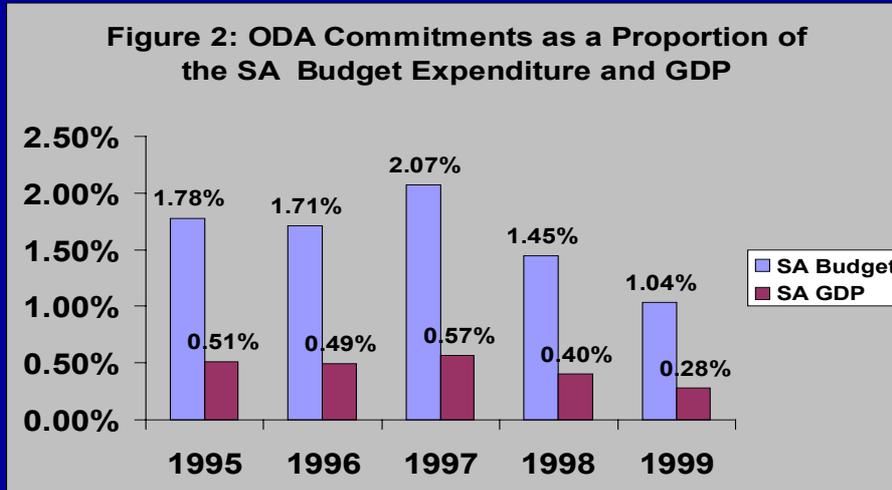


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Collection and analysis of DCR II quantitative dataset



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Collection and analysis of DCR II quantitative dataset



ODA commitments by donor (ZAR 000s)

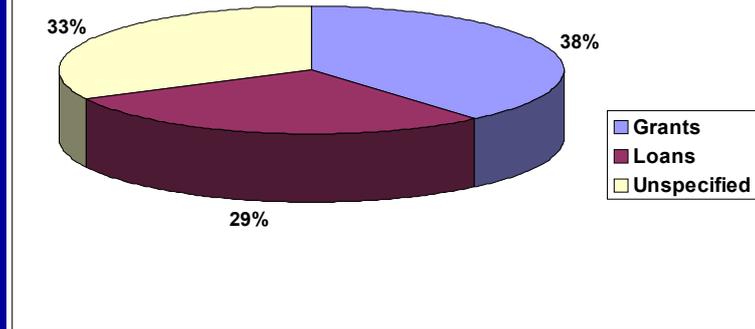
DONOR	1994	1995	1996	1997	1998	1999	Total
Australia	5,571	75,832	9,740	67,635	20,324	*	179,102
Austria	150	7,922	8,107	8,129	*	*	24,308
Belgium	5,078	44,632	3,476	34,646	6,336	2,892	97,060
China	*	*	*	*	137,137	*	137,137
Denmark	118,054	84,859	167,060	115,608	11,647	110,000	607,228
DFID	82,524	93,017	113,504	183,715	245,886	**	718,646
EIB	209,819	210,872	299,305	1,035,380	828,729	649,283	3,233,388
EU	428,650	577,862	690,599	663,372	791,744	831,160	3,983,387
Finland	*	9,547	62,006	18,274	*	*	89,827
Flanders	390	2,874	2,723	3,218	4,094	2,422	15,721
France	*	245,010	89,573	*	*	*	334,583
GTZ***	22,873	70,518	382,273	29,150	208,463	117,361	830,638
IDRC	10,037	10,523	6,439	19,655	18,829	11,981	77,464
ILO	60	*	*	*	166	440	666
Ireland	10,040	6,684	6,306	52,714	5,549	12,824	94,117
Italy	6,221	4,940	3,615	85,298	3,227	1,895	105,196
Japan	9,808	16,341	324,236	320,539	68,594	49,725	789,243
Zealand	1,116	*	72	7,307	3,659	3,246	15,400
Norway	139,432	49,659	21,590	88,410	83,760	29,723	412,574
Netherlands	9,858	94,240	124,691	96,993	132,228	102,202	560,212
Spain	*	8,082	1,002	6,709	8,451	12,294	36,538
SDC	26,925	19,957	74,403	58,008	60,064	20,933	260,290
SIDA	88,071	259,696	58,533	242,268	181,757	271,938	1,102,263
UNDP	1,913	63,177	9,054	57,000	28,703	25,144	184,991
UNESCO	*	*	728	2,334	*	*	3,062
UNFPA	*	3,445	6,870	9,761	677	*	20,753
UNICEF	*	*	*	22,140	19,029	24,284	65,453
USAID	1,333,920	870,614	566,766	706,168	102,331	*	3,579,799
WB	2,661	*	*	*	1,975	6,296	10,932
TOTAL	2,513,171	2,830,303	3,032,671	3,934,431	2,973,359	2,286,043	17,569,978



Collection and analysis of DCR II quantitative dataset



Figure 3: Terms of Assistance for Five Largest Donors





Collection and analysis of DCR II quantitative dataset



Sector commitments from 1994 to 1999 (ZAR 000s)

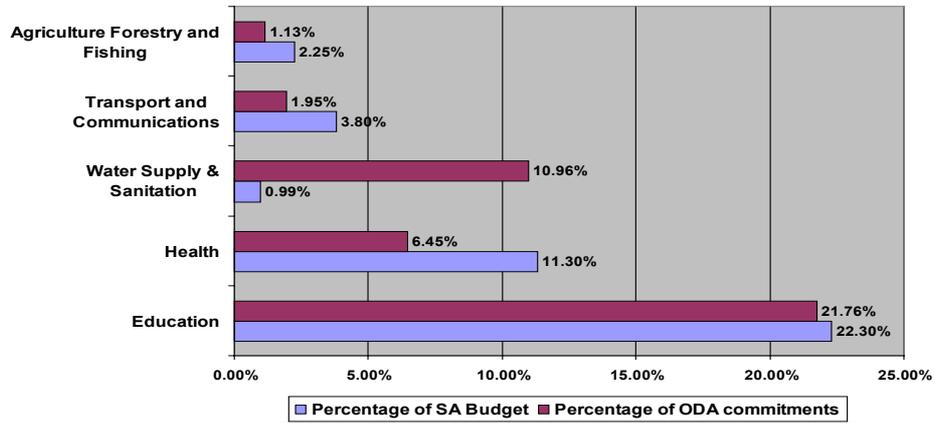
SECTOR	COMMITMENT
Education	3,823,281
Government and Civil Society	3,248,561
Other Social Infrastructure & Services	2,279,141
Water Supply and Sanitation	1,925,401
Business and Other Services	1,829,875
Health	1,132,588
Energy Generation and Supply	923,637
Banking and Financial Services	513,852
General Environment Protection	457,110
Other Multi-sector	372,618
Transport and Storage	239,054
Unspecified/Unallocated	221,250
Agriculture, Forestry and Fishing	200,872
Trade and Tourism	122,659
Population Policies, Programmes & Reproductive Health	108,374
Communications	103,323
Industry, Mining & Construction	38,195
Women in Development	30,187
TOTAL	17,569,978



Collection and analysis of DCR II quantitative dataset



Figure 5: ODA commitments Per Sector Against SA Budget Allocations per Sector for 1994 to 1999

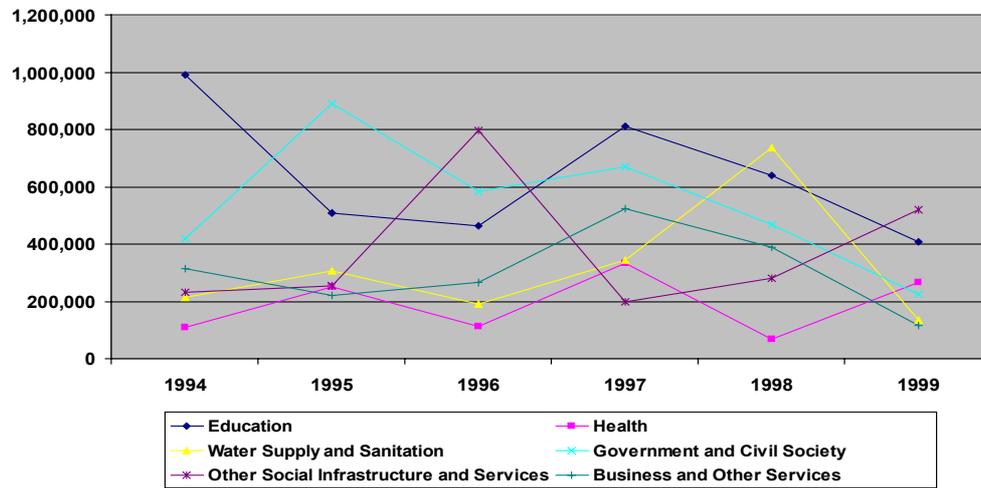




Collection and analysis of DCR II quantitative dataset



Figure 6 : Trends in ODA Commitments for the Six Most Funded Sectors

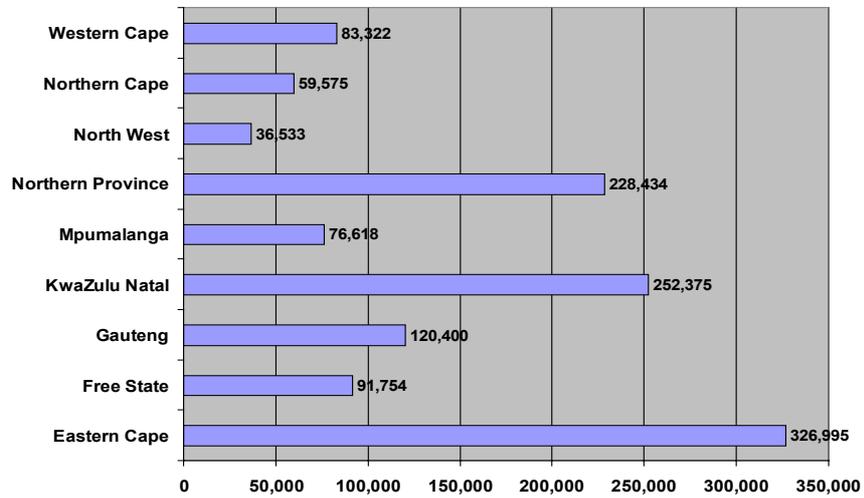




Collection and analysis of DCR II quantitative dataset



Figure 7: ODA Direct Commitments to Province (ZAR 000s)

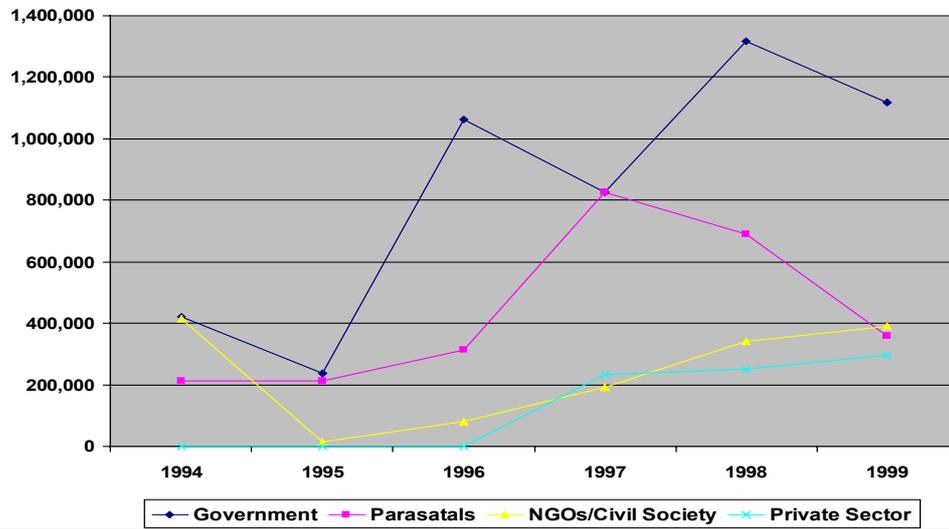




Collection and analysis of DCR II quantitative dataset



Figure 8: ODA Commitments by Institutional Recipients

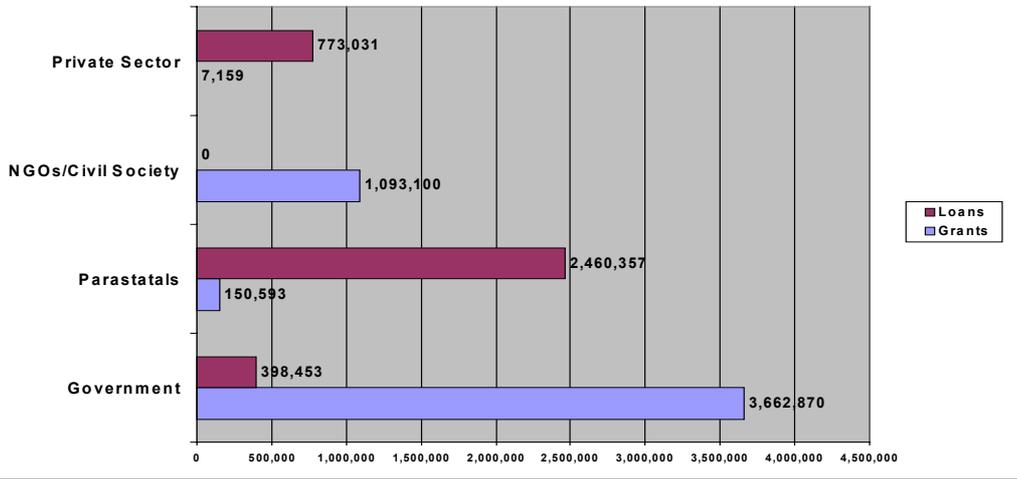




Collection and analysis of DCR II quantitative dataset



Figure 9: Terms of Assistance Provided to Institutional Recipients (ZAR 000s)





Synopses and main findings of component studies



1. Democracy and good governance

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1 DEMOCRACY AND GOOD GOVERNANCE

Key findings:

- Varying notions of democracy, particularly around the nature of engagement between the state and civil society;
- Contestation over the nature of social and economic human rights which has resulted in basic needs being approached in different ways by different donors and government;
- Debate in public sector reform and service over the extent to which greater efficiency of the bureaucracy will lead to improved access to services;
- Varying views about the leadership position that SA could and should take in the region.
- Effectiveness of donor assistance has been constrained by a lack of an overall SA programme to strategically direct ODA to the sector.
- ODA's greatest contribution to the sector has been derived through accessing knowledge and international 'best practice.'

Recommendations include:

- The need to build capacity for better coordination and strategic direction for donor assistance to the sector across government;
- The need for a broad debate over the role of civil society within governance in SA;
- A review of the role of the Chapter Nine bodies and development of a more programmatic approach to their support;
- Improved systems to facilitate lesson learning to inform policy;
- Discussion on the current and future role of ODA in the region



Synopses and main findings of component studies



2. Health

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2 HEALTH

Key findings

- ODA has been generally well aligned to the needs and priorities of the health sector
- Institutional arrangements for managing ODA in the health sector have serious shortcomings.
- These shortcomings are attributed to a number of factors including: the lack of a strategic framework directing ODA in the health sector
- Lack of clarity on the part of stakeholders about what the ODA process entails
- A perceived lack of transparency in the process of allocation of funds, particularly by the provinces
- A lack of directive leadership on the part of SA stakeholders
- Inadequate communication between stakeholders involved in the sector.
- Failure to engage the provinces and local government in the ODA process.
- National priorities are not reflecting the diverse problems and needs of different provinces resulting in lack of alignment of ODA interventions at this level.
- Expenditure on HIV/AIDS could take up at least one third, but even as much as 75% of the health budget within the next decade, with major distorting effects on the general provision of and access to health services.

Recommendations include:

- ODA should be targeted at areas where it can meaningfully fill in gaps emerging between government health care resources and critical needs;
- ODA allocation should be guided by clear priorities defined through participative and transparent processes, led by the DoH and involving all levels of government, NGOs and donors;
- Further debate is needed on the sector-wide v project based approach for ODA to the health sector;
- More participatory and transparent monitoring and evaluation of ODA programmes is needed;
- ODA support for NGOs in the sector should be continued;
- Record keeping and information management on ODA in the sector must be improved;
- There is a need to fast track the new cluster approach developed by the Office of the President to strategically deal with cross cutting issues such as gender, water and sanitation and environment.
- Department of Health should work systematically towards more decentralised arrangements for needs identification, priority setting and targeting of ODA.... the transformation and reconstruction of the ODA process in the health sector



Synopses and main findings of component studies



3. Education

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3 **EDUCATION**

Main findings:

- ODA to the education sector has been closely aligned to government priorities during the period under review. These priorities include school construction, basic education and training, adult education and training, and higher education, with the bulk of assistance given to higher education (46%).
- Technical assistance for development of equity based funding formula for basic education. This has led direction to the current funding norms and standards, which are the basis on which all public and private schools are funded.
- The study finds that impact of this assistance has been high with successes including:
 - Support for the development of a well functioning Education Management Information Systems in all education departments. This creation of a reliable and comprehensive information system for education has dramatically improved the ability of departments to plan education provisioning and also make informed choices about which areas or schools require urgent attention.
 - A significant number of teachers trained.
 - Scholarships benefiting over 150,000 students from disadvantaged communities.
- The study finds that the sector still lacks an overall programmatic framework to manage ODA utilisation.
- Overall, management of ODA during the period of review has improved. This is largely due to the use of intermediary institutions to manage interventions. However, the report warns that such an approach can lead to low levels of ownership by the Department, as well as lost opportunities for capacity building within the Department.
- The study also finds that ODA education programmes have lacked a specific strategy for ensuring gender integration.

Key recommendations offered in this report include:

- The need for a more programmatic approach to ODA management with clearly defined priorities;
- A more inclusive approach to defining ODA priorities, particularly better involvement of other national departments and provincial government in this process;
- To optimise sustainability, ODA needs to give priority to the creation and testing of systems and models; Institution building should also be prioritised;
- To optimise impact, donors should make their programming geographically focused;
- There should be a more conscious focus on gender equity in ODA to the education sector.



Synopses and main findings of component studies



4. Infrastructure

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4 INFRASTRUCTURE

Key findings:

- In the period under review, almost all donors have supported soft infrastructure development. Only a few donors, most notably the EU, DFID, USAID and SIDA, provided assistance for hard infrastructure projects servicing a particular sector, such as health.
- Coordination of ODA between sectors has been poor. This is predominantly attributed to government's own lack of an integrated strategy resulting in poorly designed projects, projects not always meeting client needs, and donor assistance scattered and in some cases, duplicated.

Recommendations include:

- The need to develop a consistent definition of infrastructure between donors and government.
- The need to develop an agreed classification of types of funding to enable better tracing of its application. The report proposes that this be developed around the broad themes of infrastructure for economic growth, for meeting basic human needs and for poverty alleviation.
- Improved monitoring systems and the development of indicators to assess impact.
- To enhance sustainability of interventions, financial sustainability accounting should be mainstreamed into project proposal costs, i.e. escalation capital versus maintenance cost.
- To ensure maximum impact, that future ODA for both hard and soft infrastructure should be aligned within government's spatial development initiatives.



Synopses and main findings of component studies



5. Labour skills development

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5 LABOUR SKILLS DEVELOPMENT

The review focuses specifically on the Labour Market Skills Development Programme (LMSDP), a donor supported programme, which aims to establish a comprehensive system for skills development and training in SA.

Key findings:

- The inability of the department to absorb TA due to high staff turnover and insufficient staffing;
- Inability of technical assistants themselves to transfer skills;
- Technical assistants becoming “an extra pair of hands” because of staff pressure;
- Resentment that all contracted technical assistance (including all team leadership posts) is from European companies;
- Concern about sustainability as no donor exit strategy has been documented.
- Use of local assistance when the appropriate skills exist within country.



Synopses and main findings of component studies



6. Land reform

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6

LAND REFORM

Key findings:

- With 87% of SA's land resources owned by or reserved for the minority white population in the early 1990s, the challenge facing the SA government to bring about an equitable and efficient land reform process has been enormous.
- Bulk of resources for the implementation of the land reform programme since 1994 has been paid for by government, with ODA providing supplementary assistance.
- Given the political sensitivity over ownership of the land reform programme, ODA did not unduly influence the nature and direction of the government's programme.
- In the period under review, ODA has been directed to a range of activities related to the delivery of the three principal components of the SA national land reform programme; namely land restitution, redistribution and tenure reform.
- While the land reform programme has taken great strides during this period, there is no room for complacency. To date, only 800,000 hectares of land have been redistributed to about 56,000 black households; very little progress with tenure reform in former homelands; only a small number of land restitution claims have been settled; and farm workers and tenants continue to be vulnerable.
- A critical issue has been that of capacity. While progress has been made in building the capacity of the newly established Department of Land Affairs, its continued paucity of funds and reliance on staff paid for by donors remains a significant difficulty.
- Land reform in southern Africa remains the most important unresolved agrarian issue. Given the recent events in Zimbabwe, and the growing political nature of land reform in SA, there is a clear need for continued donor support in this area.



Synopses and main findings of component studies



7. Small medium and micro enterprise development

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7

SMALL MEDIUM AND MICRO ENTERPRISE DEVELOPMENT

Key findings:

- ODA assistance to the sector in the period under review has been significant, with donors disbursing R 867 million by the end of 1999.
- This assistance has been well aligned to government sectoral priorities, despite lack of effective management and coordination of ODA to the sector.
- There has been a significant shift in the focus of both government and ODA support to the SMME sector during the period under review. The report explores this shift and finds that developmental assistance to “people centred enterprises” has been downscaled in preference to business growth assistance for “going concerns”.
- This is found to be in line with the ascendancy of GEAR over the RDP, with its emphasis on rapid economic growth rather than poverty alleviation per se.
- Other reasons identified for this shift include the perceived lack of assessable impact of assistance to people centred enterprises, as well as the continued lack of capacity of implementing agencies to deliver services to the lower end of the SMME spectrum.
- Increasing tendency of donors to commit fewer funds for either type of assistance through government implementing agencies.

Recommendations include

- The need for improved donor coordination to the sector at all levels of government
- Clearer identification of whether donor assistance is targeting poverty alleviation or business growth;
- Improvements in government agencies should be monitored; as they improve, donors should revisit their working relationships with these agencies;
- Increased support for improved SMME advocacy, for example, around access of black SMMEs to government procurement contracts.



Synopses and main findings of component studies



8. Water and sanitation

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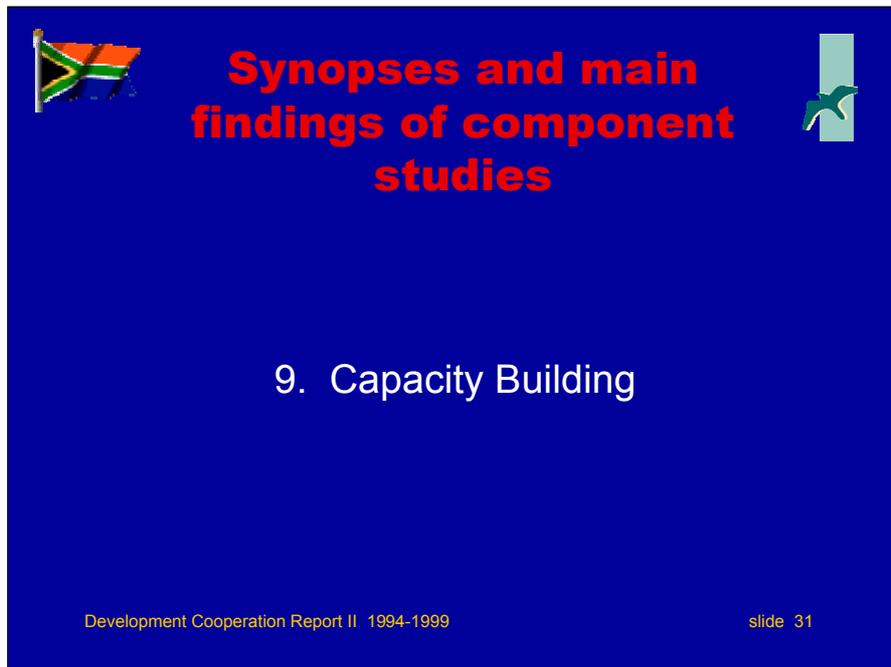
8. WATER AND SANITATION

Key findings:

- In the period under review, international donors have taken a strong interest in the water and sanitation sector and in the Department of Water Affairs and Forestry in particular, with its comparatively good capacity to absorb and manage ODA.
- ODA has been well aligned to government objectives and priorities in the sector, with donors providing support for capital projects and a wide range of initiatives aimed at policy development and the building of institutional and human resource capacity.
- Support has also been channelled to the non-governmental sector, where it has focused on community water supply and sanitation.
- The report finds that ODA has filled some important gaps and helped to lay the critical foundation for longer-term challenges. However, its ability to meet its own objectives - particularly in terms of reaching the poor - has been mixed.
- Short donor time frames and bureaucracy, local resource limitations, poor coordination between government departments, constant sector reorientation and weak strategies for engaging local government and communities have been among the main constraints to the full effectiveness of ODA.
- The low profile given sanitation by government has also frustrated donors, while neither government nor ODA (with a few exceptions) has demonstrated a commitment to the pursuit of gender issues - shown internationally to be a core component of sector success.

Major recommendations offered in the study include:

- The need for government to develop a more coordinated, programmatic approach to the sector and to the use of ODA, allowing donors' inputs to be made in a more strategic and less ad hoc manner.
- Decision making and especially the setting of priorities for the allocation of ODA need to be based on wider consultation, including substantial inputs from provinces and districts and from a range of stakeholders, including NGOs.
- Local government at all levels has to be drawn in to every process in which it has a designated role, requiring a continuation of capacity building efforts now underway.
- Gender issues at all levels need to be addressed as a matter of urgency.
- For the fuller realisation of health and livelihood benefits, the linkages between water, sanitation and hygiene need to be better made, along with the explicit consideration of water use for productive activities.



9 CAPACITY BUILDING

Key findings:

- As attention shifts from policy development to implementation, effective capacity building has emerged as one of the most critical areas of concern of both government and donors.
- All the component studies report a high variability in the capacity of departments to deliver on their sectoral responsibilities and access and utilise ODA efficiently.
- Commitment by donors to provide capacity building support to government has grown in the period under review. However, this commitment has been slow to translate into consistently high standard interventions.
- There is: a lack of coordination of capacity building strategies by donors; a lack of criteria and standards by which donors support and assess capacity building programmes; inappropriate and loosely defined initiatives; and a lack of learning from isolated cases of good practice. In short, the donor community itself currently lacks capacity to respond to the capacity building challenge.
- Government's handling of capacity problems has also been variable. During the period covered by this study, the response within government to the capacity building challenge has reflected rather than transformed core problems.
- Capacity building efforts have tended to be piecemeal, uncoordinated and short term. There has been no overall strategy or viable institutional centre to promote and support capacity building across government; initiatives have been too often associated with 'training'; and attempts to utilise donor funds effectively in this field have largely been unsuccessful.
- The kinds of problems identified at the national level are reflected and often amplified at the provincial level. At local government level, capacity issues are amplified by the ongoing restructuring of local government institutions.
- The capacity building component study acknowledges that there can be no blueprint for effective capacity building, as solutions are very context bound. However, recommendations are offered to support a more holistic and integrated approach to capacity building in SA.

Recommendations include:

- Government should place capacity building at the heart of strategic decision making pertaining to ODA;
- Government should review and align the roles of the DPSA and SAMDI in the development and delivery of capacity building initiatives;
- More effective donor coordination to ensure that approaches and methods of capacity building, as well as interventions within and across sectors are complementary;
- Donors should review their own procedures to assess whether they contribute or inhibit capacity building;
- Donors should pay more attention to the issue of race as an integral part of capacity building in SA.



10 ENVIRONMENT

Main findings:

- Major shift in government's approach to environmental management in the period under review, from a traditional conservationist approach to more holistic understanding of environmental management. This shift has placed heavy demands on a relatively under capacitated Department of Environment and Tourism (DEAT) which, since 1998, has been assigned lead agency status for coordinating environment across government. During this period of change, DEAT has also had to face internal transformation as well as three ministers and three director generals in five years.
 - The study finds that DEAT has provided poor coordination of ODA during the period under review, with donors tending to favour stronger departments with an environmental function such as DWAF.
 - Within DEAT, significant ODA has been allocated to conservation-oriented initiatives, initially reflecting long established conservation approaches, and more recently, the department's emphasis on tourism and need to link environmental issues with economic growth.
 - ODA has also been supportive of participatory environmental policy formulation processes such as the consultative process leading up to the National Environmental Management Act.
 - However, engagement of stakeholder groups in ongoing policy development has been generally lacking, a situation compounded by almost absent ODA funding to environmental advocacy NGOs.
 - ODA support for mainstreaming environment across government has been weak. This finding is echoed by other component studies such as Water and Sanitation, Health and Education.
 - This is attributed to a number of factors, including DEAT's failure to clearly articulate the links between environment, social equity and sustained economic growth, and the low priority attached to environmental issues amongst the more powerful departments.
 - Most donors (although not all) have failed to effectively integrate environmental opportunities and impacts into programme planning and delivery. Reasons cited for this in the report include the limited capacity of some donor staff to understand and integrate environment into programme planning; the tension between short term interventions and long term sustainability; and the perceived lack of relevance of environmental issues to development objectives.
 - A number of recent opportunities and trends are identified by the report, which suggest that some of these challenges are beginning to be addressed. These include:
 - DEAT's recent efforts to meet with and coordinate the efforts of environment donors. For example, the first ever presentation of an overall business plan and set of priorities was given to donors earlier this year.
 - The cluster approach developed by the Office of the President presents an opportunity for DEAT to improve mainstreaming and coordination of environment and sustainable development issues across government.
- Recommendations include:**
- The impending DEAT process for producing a national strategy for sustainable development be utilised to improve inter-governmental coordination and to re-establish and sustain partnerships and participation by major stakeholder groups in policy formulation and implementation.
 - The donor community supports research and pilot projects that raise the profile of environment and poverty links, thereby demonstrating the direct relevance of the environment to broader development objectives.



Synopses and main findings of component studies



11. Gender

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11 GENDER

Main findings:

- The SA government is strongly committed to championing gender equity. Despite having no specific gender policy, the constitution and laws passed since 1994 provide a solid framework for gender equity; gender and women's issues are raised in almost all sectoral policy papers issued over the last six years; and a multitude of institutional structures at all levels of government have been set up to address gender issues both internally and in programme delivery.
- ODA support to these efforts is differentiated into two broad categories: assistance to gender or women-targeted initiatives, and gender mainstreaming initiatives.
- During the period under review, government and donors have fallen prey to an over-concentration on women and gender targeted initiatives over mainstreaming activities.
- Despite commitments to gender mainstreaming in donor policy documents, donors are failing to mainstream gender across planning, implementation, monitoring and evaluation.
- This is significant as it is mainstreaming which arguably has the potential for greatest impact.
- Both in government and amongst donors, the gender component study finds that the promotion of gender aware planning and implementation still heavily depends on individual officers. This finding points to the importance of training as a tool to increase the pool of gender advocates, particularly amongst senior management.
- As ODA continues to shift from policy to implementation, training will especially need to be directed at provincial and local level.

Recommendations include:

- Gender-targeted activities should continue alongside gender mainstreaming, particularly in areas such as gender violence.
- Mainstreaming gender across sectoral programmes is essential if equity issues are to be addressed seriously.
- Towards this end, it advocates the use of tools and approaches, such as SA's gender budget initiatives, as an effective means of promoting a more gender-sensitive approach to economics, planning and budgets.
- Institutional structures to coordinate ODA, such as the IDC, must also be responsible for ensuring that gender is addressed within donor programme agreements.
- The new cluster approach developed by the Office of the President to strategically deal with cross cutting issues may also present an opportunity to ensure that gender is integrated into donor interventions.



Synopses and main findings of component studies



- Main findings and cross cutting themes for future DCRs
- SA led strategic framework for ODA



Synopses and main findings of component studies



14. Institutional arrangements: better coordination, more effective implementation, deeper and wider consultative processes



Synopses and main findings of component studies



15. Better information management
16. Mainstreaming cross cutting themes
i.e. capacity building, environment & gender



Synopses and main findings of component studies



17 ODA and the role of civil society and chapter nine organisations

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17 ODA AND THE ROLE OF CIVIL SOCIETY AND CHAPTER NINE ORGANISATIONS

In new SA led SA centred paradigm, government should encourage a proportion of the flow of ODA to form and maintain civil society organisations that can:

- Perform a watchdog function, in particular channelling support to Chapter Nine Organisations whose raison d'être lies in their ability to critique government performance on behalf of individual citizens and collective rights;
- Hold the government accountable for its actions and freely challenge the assumptions and operations of service delivery, without risk of penalty;
- Help establish NGOs and CBOs which often begin life by accruing decentralised functions and resources from government; then get caught in an inevitable dilemma at the heart of their existence whether to grow as service providers or rights campaigners, or somehow combine both.



Synopses and main findings of component studies



18. Government should go for, but also look critically at knowledge banking

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18 GOVERNMENT SHOULD GO FOR, BUT ALSO LOOK CRITICALLY AT KNOWLEDGE BANKING

- What is the best form and media through which SA acquires this knowledge?
- Where should this knowledge come from? From the donor country offering ODA? From a third country, possibly even another developing country? Locally sourced? From the open market?



Synopses and main findings of component studies



19. Cross cutting themes for future reviews
20. Mainstreaming HIV/AIDS policy and awareness across sectors
21. Safety and security as a dimension of development
22. Mechanisms to examine and prevent corruption in ODA



Content and Forms of ODA



Technical assistance (TA)

Grants

Concessionary loan finance.



Content and Forms of ODA



- No data is available on the precise distribution of aid between TA, grants and loans
- TA consistently emerges as the dominant form of ODA



Content and Forms of ODA



Knowledge banking as a two edged sword

- Where is SA going?
- What does SA want?
- Where is the best source of what SA wants?

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KNOWLEDGE BANKING AS A TWO EDGED SWORD

- - Where is SA going? what does SA want?
- - Where is the best source of what SA wants?

- What kind of knowledge is it that SA needs that is so critical to its own vision of development?
- From where should it get this knowledge? Only from the 'North' or 'West'? What of 'South-South links' and learning from the 'East'?
- How does SA ensure that knowledge transfers are positive and accord with its own vision of development, is contextually and technically appropriate in terms of content value, and never a potentially insidious Trojan horse?
- Who decides what is needed?
- What do particular donors have that is so special?
- Why hasn't this knowledge got to SA organically by other means?



Content and Forms of ODA



- Benefits and risks of TA
- Key principles for management of TA
- SA Policy paradigms – SA intellectual authority



Content and Forms of ODA



- SA led recruitment process
- SA led institutional arrangements



Future flows of ODA: staying, leaving or going regional ?



- Regional approaches to development
- Common regional issues
- Distributed regional issues

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1 FUTURE FLOWS OF ODA: STAYING, LEAVING OR GOING REGIONAL?

REGIONAL APPROACHES TO DEVELOPMENT

COMMON REGIONAL ISSUES.

We define these as development challenges occurring distinctly within different states, but common to all these states and hence shared as a regionally common experience.

DISTRIBUTED REGIONAL ISSUES

We define these as development problems and aspirations where the root causes and development variables, and hence the potential solutions, are distributed across the two or more countries.



Future flows of ODA: staying, leaving or going regional ?



- Common, distributed and shared regional issues
- Regional institutional as possible interlocutors of ODA

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COMMON, DISTRIBUTED AND SHARED REGIONAL ISSUES.

•We define these as issues where the problem and the solutions are present and deeply rooted within each country, and also in neighbouring states, and where the nature of the problem is such that it respects no geographical or administrative boundaries.

REGIONAL INSTITUTIONS AS POSSIBLE INTERLOCUTORS OF ODA

- Do such institutional mechanisms exist?
- Are there dynamic, credible, representative and efficient regional institutions which can mediate the processing and implementation of ODA for common good in line with development objectives that are determined by Southern African partners and not by donors?
- Do the key multilateral and bilateral donors have internal management arrangements in place that allow them to negotiate with regional bodies? Or are there country-specific or sub-regional territorial arrangements on the donor side, which mean that a particular donor office has jurisdiction over only a part of the Southern African region?
- What is the fundamental design principle on the basis of which donor management systems are determined? Are most not based on the primacy of nation states as recipients of ODA, and the donor agencies own administrative convenience in terms of ODA management?
- What, then, are the extra transactional and management costs (on both sides) of 'going regional' and operating through additional levels of complexity and bureaucracy?



Future flows of ODA: staying, leaving or going regional ?



- The SADC is the obvious regional interlocutor for ODA to be channelled through
- ODA Commitments and pledges to SA

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THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC) IS THE OBVIOUS REGIONAL INTERLOCUTOR FOR ODA TO BE CHANNELLED THROUGH.

•Universal recognition among all the leading stakeholders, and here we mean regional states and donor agencies, that SADC's complex, distributed and deconcentrated systems of management and coordination, are functioning sub-optimally at this point in the institution's history.

•The issue is therefore not *whether* some ODA will ever switch to SADC and other regional institutions to go towards addressing common regional problems, distributed regional challenges, and common, distributed and shared regional issues. The real question is *when* this is likely to happen, and how significant the shift in ODA resources is likely to be over the medium to long term, that is up to, and over, the next five years.

ODA COMMITMENTS AND PLEDGES TO SA

•The tables below encapsulate commitments and pledges of ODA to SA to the year 2006. As these tables show, though the horizons for pledges vary from donor to donor, the analyses revealed no definitive withdrawal or closure plans by any donor, whether phased or precipitous.

•It is difficult to extrapolate with confidence and state with any certainty what the likely figures for ODA will be in the medium to long term given the variables at play. The unknowns include:

- Differences in the pledge-periods;
- The possibility of rollovers;
- The changes that occur in the sequence from pledges, to commitments and, finally, into disbursement;
- The possibility of an international high-profile initiative generating myriad new programmes and leading to an increase in ODA in a particular area (e.g. say the Rio +10 UN Conference on Environment and Development coming to SA);
- The possibility of significant new concessionary loans being taken up to fund capital investment in a priority MTEF sector e.g. the strengthening of local government and enhancement of service delivery mechanisms through an Municipal Infrastructure Investment programme.

ODA commitments and pledges to South Africa

COUNTRY / MULTILATERAL	NEW PLEDGE PERIOD												
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
AUSTRALIA	Commitments												
CANADA						New Pledges	New Pledges						
DENMARK									New Pledges				
EUROPEAN UNION		Commitments	Commitments	Commitments	Commitments	Commitments							
EUROPEAN INVESTMENT BANK													
FINLAND													
FRANCE													
GERMANY													
ITALY													
IRELAND													
JAPAN													
NETHERLANDS													
NORWAY													
SWITZERLAND													
SWEDEN													
UNITED KINGDOM													
USAID													

Commitments



New Pledges





Management of ODA and institutional arrangements

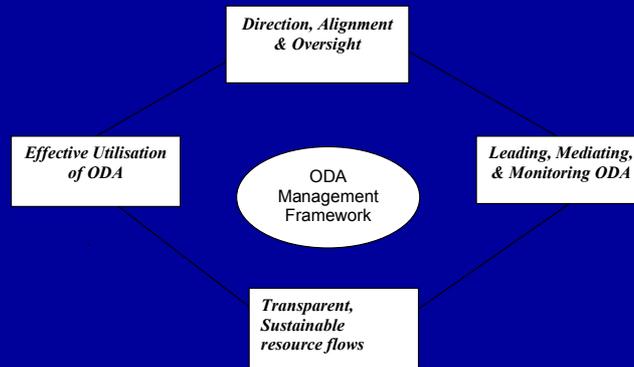


- PART 1 :CONTEXTUAL AND HISTORICAL OVERVIEW
- PART 2 :NATIONAL COORDINATION MECHANISMS
- PART 3 :IMPLEMENTATION AGENCIES (IAS).
- PART 4 :FUNDING CHANNELS, FINANCIAL MANAGEMENT AND SCRUTINY MECHANISMS RELATING TO ODA.



Management of ODA and institutional arrangements

ELEMENTS OF THE ODA MANAGEMENT FRAMEWORK





Management of ODA and institutional arrangements



- Government and donor policy frameworks and development plans for the alignment of ODA
- Initially the RDP, now GEAR, expressed through the MTEF.



Management of ODA and institutional arrangements



- No explicitly ODA -focused MTEF-derived planning framework to guide and direct the flows of ODA
- Explicit poverty elimination or poverty alleviation plan to guide ODA flows to pro-poor strategic priorities
- No national development plan

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No national development plan

- National approach to ODA largely the result of an aggregation of departmental plans. Little evidence of planning between departments and across the different spheres of government to determine a truly sectoral or national-provincial view on ODA.
- No evidence yet that the clusters that have been established in the President's Office have generated inter-departmental cluster / sector based planning, that could form the basis of engagement with donors for sector-wide ODA support.



Management of ODA and institutional arrangements



- None of the provinces interviewed had developed provincial plans with regard to ODA utilisation.
- Not all donors have a transparent, explicitly SA-focused ODA plan
- Increasing number of donors moving towards 'country strategy papers' (CSP) which take into account government's broad policy objectives.



Management of ODA and institutional arrangements



- Many donors (but not all) undertake CSP drafting processes that involve some form of consultation with local stakeholders.
- A number of donors have not produced any strategy papers or memorandums of understanding regarding the focus of their support to SA.
- No formalised, codified set of procedures to cover the management of ODA.



Management of ODA and institutional arrangements



- Simplify the structural arrangements.
- Improve efficiency of ODA resource and information flows.
- Direct, align and mainstream ODA by reference to the MTEF.
- Chief directorate: International Development Cooperation, Department of Finance



Management of ODA and institutional arrangements



- Strengthening and re-visioning IDC
- Organise IDC along cluster lines while allowing for direct relationships with donors?
- Information management mechanisms

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Information management mechanisms

- Compiling and maintaining an annually updated database detailing commitments, and eventually disbursements, for particular donors, as well as global ODA flows.
- Detailed programme and project information on ODA sponsored initiatives.



Management of ODA and institutional arrangements



- Stakeholder coordination mechanisms
- Introduce practice of an annual donor conference where DOF presents a SA-led, SA-centred framework for the direction & management of ODA.
- SA side needs to prepare better in order to lead ODA.
- Draw in more SA stakeholders into preparatory work (e.g. Provinces where ODA is going)



Management of ODA and institutional arrangements



- Annual bilateral consultations should be held with all donors as a matter of course.
- Results of consultations should be widely disseminated to appropriate SA stakeholders and information in the public domain put on IDCs ODA website
- ODA-focused frameworks need to be developed at the sectoral / departmental / provincial levels.



Management of ODA and institutional arrangements



- Private meetings amongst donors; donors are encouraged to increase the transparency of these processes.
- Implementation agencies (IAs)
- Reactive not proactive management of ODA

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Implementation agencies (IAs)

- The non-strategic structural location and weak authority of ODA-coordination units in IAs, which limit the influence of these units on the IAs own internal management processes, and on donors.
- The lack of capacity and absence of support provided to staff in the ODA coordination units in IAs, which prevents them from managing ODA effectively, and from pursuing a measured pro-SA perspective

REACTIVE NOT PROACTIVE MANAGEMENT OF ODA.

- In all three spheres of government, most ODA management and coordination structures have been set up reactively, in response to the arrival of ODA.



Management of ODA and institutional arrangements



- Functioning in isolation, not part of a coherent SA vision of ODA.
- Limited data on ODA, and poor systems for ODA data capturing and processing.
- Limited or weak staffing and management capacity to monitor and direct ODA



Management of ODA and institutional arrangements



- Funding Channels, financial management and scrutiny mechanisms

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Funding Channels, Financial Management And Scrutiny Mechanisms

Funding channels

- direct payment by donor
- financial management by a third party
- the RDP fund

Financial management and scrutiny mechanisms

- The RDP fund and the public finance management act
- Scrutiny over alternative ODA funding mechanisms
- Value added tax
- All ODA related goods and services should be exempt from VAT.
- ODA goods and services should be subject to VAT



CHANGE MANAGEMENT



- AN OD CHANGE MANAGEMENT MODEL FOR DCR II
- MORPHOGENIC CHANGE AND MORPHOSTATIC CHANGE
- 'LEADING AND LEARNING' CHANGE MODEL

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MORPHOGENIC CHANGE AND MORPHOSTATIC CHANGE...

- Morphogenic change, that is higher-order, transformational changes required to define a new SA-led management of ODA paradigm;
- Morphostatic change, that is the sequencing and implementation of those lower-order transactional changes required to make the management of ODA more effective and efficient within this new paradigm.

'LEADING AND LEARNING' CHANGE MODEL

- A clear overall conceptual leadership and oversight;
- With an the emphasis on a process-based consultative approach to change
- The value of symbolic as well as voluntary and coersive drivers of change;
- The need to achieve quick gains alongside the pursuance of a wider, deeper and longer-term set of measures to embed change in government systems; and
- The need to assign responsibility, authority and adequate resources to the parties charged with facilitating the change process.



CHANGE MANAGEMENT



- A HIERARCHY OF RESPONSIBILITIES: THE PRESIDENCY AND CABINET RESPONSIBLE FOR MORPHOGENIC CHANGE;
- DOF RESPONSIBLE FOR THE BRIDGING THE CONCEPTUAL DIVIDE BETWEEN MORPHOGENIC AND MORPHOSTATIC CHANGE;
- IDC LARGELY RESPONSIBLE FOR COORDINATING MORPHOSTATIC CHANGE.



CHANGE MANAGEMENT



- THE SIMPLE MESSAGE AND GOLDEN THREAD RUNNING THROUGH DCR II: SA-LED, SA-CENTRED SA MANAGEMENT OF ODA.

List of Participants at presentation of Draft Final DCR II report.

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