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4. HISTORICAL AND CONTEXTUAL FRAMEWORK

There are two strands to this chapter:

- ◆ A discussion of the macro economic framework within which ODA to SA is located;
- ◆ Historical and emerging trends pertaining to ODA to SA.

We begin with the Reconstruction and Development Programme (RDP), discuss the prevailing Growth, Employment and Redistribution Strategy (GEAR) framework, consider the absence of an explicit poverty focused strategy, and then look at the Medium Term Expenditure Framework (MTEF), the planning and budgeting instrument designed to implement current government priorities.

4.1. SA macro-framework pertaining to development

4.1.1. From RDP to GEAR

The RDP was, initially, the plan of action developed by the ANC as the government-in-waiting, and designed primarily to serve as a framework within which legislation would be developed.

After the election of 1994 which brought the ANC to power and an end to Apartheid, the RDP was accepted as the de facto policy framework of the new government, functioning as a 'blueprint' for transforming social, economic and political structures within South Africa, in order to address past inequality and create a basis for growth and sustainability in the future.

From being a broad statement of intent, the RDP was institutionalised in the form of the RDP Ministry and programmed through the RDP Fund. These mechanisms, it was believed, would facilitate integrated planning and ensure that money was directed to the ANC's manifesto developmental priorities

The former RDP office formed a focal point of donor support from 1994 to early 1996. Its governance role was based on facilitating cross cutting policy approaches across departments. It also targeted institutional support at different levels of government to enhance delivery and to ensure stakeholder input. A major aim

was to encourage new approaches to public sector management and budgeting that would guide the broader state machinery in meeting government's overall strategic objectives.

Critiques of the operational mechanisms and institutional arrangements spawned by the RDP abound in South Africa. Of the many points made in this regard there are two issues raised often by reviewers that resonated with our analysis.

Firstly, the conceptualisation of the functions of the RDP Office underestimated the difficulties of getting autonomous departments to operate, and of aligning the new flood of ODA (and concomitant competing donor objectives), to government needs in these churning waters. In reality, this proved, then and now, to be more complex and required far more delicate interaction to achieve some consolidation for donor activities in line with South Africa's strategic goals.

Secondly, it became increasingly clear to key departments within government that the RDP was not a strategy for governance and development, much less an implementation plan. It was open to wide interpretation on what mechanisms would be appropriate for implementation. This, coupled with the general resistance on the part of department to be accountable to another line department, resulted in the eventual disbanding of the Ministry and an interrogation of what would be required to implement the RDP effectively.

4.1.2. GEAR

GEAR was developed to give expression to the recognition within the RDP that development would only take place in the context of economic growth. It is generally accepted as an explicit macro-economic policy that places economic growth at the heart of the framework, identifying processes to guide economic transformation in the same way that political change has been designed and driven since 1994. However, it is worth noting that some advocates of GEAR see it as a broad policy framework that goes beyond the management of economic policy, and supports the linkages between democratisation and economic growth.

Essentially, GEAR is predicated on the need for economic growth and provides a strategic framework within which decisions on monetary and fiscal policy and the labour market have been taken since 1996. It states:

“(Through this) integrated economic strategy, we can successfully confront the related challenges of meeting basic needs, developing human resources, increasing participation in the democratic institutions of civil society and implementing the RDP in all its facets”¹³

GEAR is a key driver of government's strategy to attract investment and ensure that South Africa becomes an attractive trading partner. It has been recognised by the private sector both locally and internationally as a sound economic framework.

However, GEAR has been consistently criticised by the labour movement and the SACP for putting in place a framework that will result in job-less growth. The view held by these parties is that, even if GEAR does facilitate growth, it will do so in such a way that redistribution is not effected and the gap between rich and poor widens. Increasingly calls are being made by COSATU in

¹³ Republic of South Africa, (1996) Growth, Employment and Redistribution Strategy: A Macro-economic Framework for South Africa

NEDLAC to open the debate on job creation, and on the extent to which this objective is possible and consistent with the GEAR policy framework.

A counter view is that the problem may not lie with GEAR per se, but rather with the lack of a comprehensive framework on poverty alleviation informing government programmes and budgeting.

4.1.3. The absence of an explicit poverty elimination policy framework

We refer here to two DCR II component studies in this discussion to substantiate our views: Democracy and Good Governance (D &GG) and the Small, Medium and Micro Enterprises (SMME) studies. The first study looked closely at governance issues and, in particular, their relevance to development. The second, given its concern with economic issues, presented a valuable counterpoint to many of the other social development focused DCR II component studies (e.g. Education, Health, Water and Sanitation), and as such allowed us to examine the nuances of government's dominant policy framework in relation to the government policy priorities on development.

This absence of an explicit poverty elimination policy framework is clearly reflected in the current debate on the nature of human rights in South Africa, which we cover in the DCR II component study on D &GG. The government does not, as yet, have a framework which directly addresses the relationship between human rights and basic needs (i.e. a 'rights based approach to development') and which defines the role of the state and civil society in relation to it. (See also summary of the D & GG study in Chapter 6 of this report).

With regard to political and individual rights, South Africa can claim significant victories in the period of review – right to life, to vote to freedom of expression and association, to choose (in relation to abortion)¹⁴, etc. There is a generally accepted view that the country has gained considerable ground and put in place a strong basis for democratic rule.

However, in relation to social, economic and cultural rights there are substantial differences in opinion. These centre on the distinction between human rights and basic needs. Proponents of a rights-based approach to development argue that the Constitution enshrines socio-economic rights and that addressing basic needs – the 'right' of access to land, housing, economic opportunity – must therefore be seen as addressing human rights.

An alternative view argues that these needs must receive priority, but are not human rights defensible by law. The differing interpretations represent the challenge often put to government by sector-based NGOs (such as the National Land Committee). The success record in relation to these second generation rights is much poorer.

¹⁴ The South Africa Constitution does not speak specifically about the 'Right to Choose'. This issue was argued in terms of other rights.

While the role of human rights is broadly accepted in the democratisation process, the ongoing debate is located around which rights are fundamental, and therefore, what obligation is placed on the state to prioritise them being addressed¹⁵. To criticise GEAR for failing to address poverty directly would therefore be inaccurate.

Our research indicated that the lack of an explicit SA-defined framework for poverty alleviation effectively meant that donors were able to rationalise their development interventions more liberally than they would otherwise have been able to do, and to set these in line with their own development policy objectives.

For example, donors with a growth-based approach to development, such as USAID¹⁶, argue that their fundamental concern is not with poverty alleviation as such but with development activities, such as employment creation or education, that may lead to this end. Essentially, their main concern is with the strengthening of human and institutional capacity to underpin growth and development (see SMME component study).

Even when donors are clear in their intention to tackle poverty, they express this differently. For the social democratic donors such as SIDA, a rights-based approach is evident in their approach to poverty reduction; human rights can only be truly meaningful when poor and powerless people have access to the law and processes of redress (see D&GG component study).

The EU, the largest donor in the country, explicitly pursues a poverty alleviation strategy based on a three – pronged approach: improved delivery of social services, broad consolidation of human rights, and the strengthening of democratic local government institutions capable of hearing, and meeting, the needs of the poor.

In the case of DFID, poverty reduction is also a central focus, but this is far more strongly influenced by a governance approach; if governance systems function effectively, the needs of the poor will be met (see D&GG Study).

Three issues need highlighting here. Firstly, in the absence of a clearly defined government led framework and poverty alleviation strategy (and monitoring systems to track this), it is difficult to ascertain to what extent ODA is directed to poverty alleviation, and what the nature of impact is.

Secondly, though there is no explicit poverty alleviation government framework, as the Table at the end of this chapter shows, 17 out of 26 donors clearly consider this their focus area and, as such, require government direction.

Thirdly, we note that the DAC sector codes provide no framework of analysis for identifying poverty alleviation grants either.

¹⁵ The OECD/DAC (1997) report on Participatory Development and Good Governance reflects that a direct link between political and individual rights, and socio-economic development was only explicitly made in the late eighties. Prior to this period very little ODA was directed at civil and political rights. This area of support was largely left to international NGOs and private or 'political' foundations.

¹⁶ USAID representative at DCR II SMME Component Study Stakeholder Workshop 18.02.00

The impact of ODA on poverty is therefore not only unclear because of the absence of an explicit SA government led policy and monitoring and evaluation framework. It is also fuzzy because records of ODA for particular sectors of destination kept by donors themselves are not able to track these funds either.

Our findings are that in a policy environment open to interpretation, ODA has in some cases actively switched away from the poor. A case in point is ODA to the SMME sector, where the indications are that among other factors¹⁷, the absence of an explicit pro-poor policy has allowed ODA to go from 'survivalist' enterprises to 'going concerns'¹⁸. These are more likely to succeed and grow economically, and hence offer a safer 'return' for ODA, and potentially help small businesses to graduate into grading partners of firms in the donor's own country.

In other words, some donors have in this case aligned their ODA with the economic growth focus of government policy, rather than the underlying commitment to poverty elimination at the heart of the RDP.

4.1.4. MTEF

The MTEF is one of the government's central budgetary instruments, driven by the Department of Finance, and designed to provide a framework within which government departments can plan for the implementation of policy. It aims to reduce unfounded mandates and unauthorised policy proposals in the longer term. It also seeks to provide a basis for better dialogue with civil society bodies and the general public on expenditure priorities.

"The primary objective of the MTEF is to ensure that the Government is able to deliver its reconstruction and development in the context of three year estimates of expenditure that are consistent with a sound macroeconomic framework. The MTEF is intended to enhance the transparency of the budget process and budget documentation so that policy goals and resource allocations are clearly set out, and thereby to enable political prioritisation of budgets."¹⁹

The MTEF was first introduced in South Africa in 1998, and in its introduction the Minister of Finance lists the following as its priorities:

- ◆ Meeting basic needs – principally in education, health, water and sanitation, social services, welfare, land reform and housing.
- ◆ Accelerating infrastructure development – ensuring investment in infrastructure, upgrading of roads, undertaking of spatial development

¹⁷ A range of factors are at play here and we refer readers to the SMME sector study

¹⁸ The SMME study defined 'survivalist' enterprises as those where the income generated is below the poverty line. 'Going concerns' are businesses which can be conceptualised independently of the individuals involved

¹⁹ Republic of South Africa (1998) *Medium Term Expenditure Framework*

initiatives (Spatial Development Initiatives), and addressing urban renewal principally via private public partnerships.

- ◆ Economic growth, development and job creation – the stimulated building of the economy to achieve sustainable, accelerated growth with correspondent redistribution in opportunities and income.
- ◆ Human resource development – the education and training of citizens in pre-primary, formative, tertiary, technical institutions and life long education and training for adults, the unemployed and out of school youth.
- ◆ Safety and security – the transformation of the criminal justice, police and prisons administration and the improvement in national defence and disaster management.
- ◆ Transformation of government – the strengthening of administration and good governance and the implementation of a code of conduct (*Baltho Pele – People First*) for service delivery by the public sector.

The objectives in this list are not ranked, so notionally at least the MTEF places a strong emphasis on both the social development and economic growth objectives of government, considering them to be of equal importance.

Our research indicated that while this evenness has provided useful flexibility, allowing donors to align their ODA with a particular strand of the MTEF and their own development policy objectives, an inevitable consequence has been a lack of clear focus and the concerted targeting of ODA in areas deemed to be of strategic importance from the South African perspective.

In our view, the equably balanced and open nature of the MTEF, even if deemed essential for domestic purposes, should not prevent government from interpreting the MTEF more narrowly and specifically in order to direct ODA flows more selectively.

As we have said before (see Chapter 2), producing an 'MTEF for ODA' priority analysis for the purposes for the purposes of channelling ODA to sectors of destination where it can make a significant difference, over and above the monetary value of the flow of resources, would enable government to use ODA more strategically and effectively.

4.2. ODA to South Africa: Historical and current trends

A review of the relevant literature reveals three distinct trends in the application of ODA to the country and its citizens:

4.2.1. 1980 to 1990

There was no Official Development Assistance of note in the Apartheid period. What we refer to as 'ODA' here is aid provided by donors now prominent in South Africa, to South African partners, but not directly to the then government.

The genesis of the current patterns of ODA may be traced back to the early 1980s, when a small number of donors provided modest amounts of support in a limited number of focus areas. In general, 'ODA' to either South Africa and/or South African citizens living abroad, voluntarily or in exile, was largely dependent on the extent to which foreign countries had formally adopted policy positions vis-à-vis the apartheid system and the struggle against it, positions which also determined their attitudes towards the major protagonists in the democratic struggle.

Countries such as Sweden and Denmark not only adopted an avowed opposition to apartheid but also formally embraced the liberation movements, thus channelling much of their ODA towards the liberation movements, and non-governmental and community based organisations in the country, which were working against the apartheid state.

In terms of support to South African NGOs and CBOs, a similar picture emerges when one considers the EU, which towards the end of the decade was probably the largest single funder of the activities of these elements of civil society, with assistance channelled largely via European NGOs and later (from '91-94) through a Project Co-ordination Office which became the precursor to official representation.

Other donors, such as the US and the UK, while formally declaring their opposition to the apartheid state, nevertheless only formally acknowledged the legitimacy of the liberation movements in the latter part of the 1980s, and much of their aid funding was instead directed at providing educational opportunities for black South Africans either at home or abroad, and supporting civil society organisations in the country involved in the protection of human rights.

In essence, then, all 'ODA' funding to South Africa prior to 1990 was governed within the rubric of the anti-apartheid framework, with donors deliberately choosing to bypass the state and its agencies and instead steering funding primarily to anti-apartheid bodies and civil society organs, inside and outside the country.

Further, given the hostile attitude of the state to many civil society organisations, the regulatory framework for the accountability of these funds and the evaluation of their impact on civil society was largely, and deliberately absent, with most recipients enjoying the freedom to allocate and spend funds principally at the discretion of the management boards. Donors connived with these arrangements, allowing recipients the freedom to disguise and conceal the records of these transactions so as to deter or obstruct close scrutiny by the state.

Given the focus of 'ODA' on civil society agencies deemed to be in opposition to the state, it is expected, as was revealed in the first UNDP sponsored DCR for South Africa conducted in 1993, that the principal beneficiaries of this ODA were agencies and institutions operating mainly within the sectors of community empowerment and development, human rights protection, provision of legal aid (especially for cases against the state), promotion of democracy, and education and training.

4.2.2. 1990 to 1994

The advent of political change in 1990 signalled a shift in ODA funding to the country. Future political and economic scenarios for South Africa were changing rapidly, and South Africa was the subject of keen strategic geo-political and economic analyses.

'ODA' to the country began to accelerate, with new and old donors sensing, in the release of political leaders and the unbanning of the liberation movements, the early signs of a transition to democratic rule and the emergence of a fundamentally different and legitimate state. Further, established and explicitly anti-apartheid donors now increased their commitments.

In most cases the principal objective of these aid flows was to provide funding and technical resources that would assist political parties in negotiations process and in preparation for the first democratic elections in 1994.

Hence, once again the funding was directed almost exclusively towards civil society organisations, the exceptions being commitments to tertiary education programmes which had of necessity to be channelled through institutional structures that were still vulnerable to state control via the manipulation of subsidies.

4.2.3. The post-1994 period

The 1994 democratic elections in South Africa signalled a significant change in the posture and intent of the international donor community towards the country. Three factors, two South Africa specific and one pertaining to international trends principally determined these changes:

- ◆ The first was a rethinking of the status of South Africa, due to the demise of the apartheid state and the installation of the democratic state, and consequently, the need to consider both the developmental requirements of the country as well as its requirements in a critical period of transition. South Africa was also now a legitimate and vibrant trading partner, free from the consumer, trade and investment boycotts and opprobrium associated with the apartheid period.
- ◆ The second factor follows from the first, and entailed a review of the relationship between the donor community and a South Africa government that was seen to be representative of the needs and aspirations of the South African people, and therefore a partner not just in directing of donor funding for development purposes, but also a significant strategic partner international economic and political structures.
- ◆ The third was a general review by the donor community of the purpose of ODA globally. This review was precipitated by a combination of increasing budgetary constraints being applied by donor countries, the need to ensure greater impact by ODA and better assessment thereof, and the need to synchronise the structure and outputs of ODA with the

developmental agenda of recipient countries²⁰. This thinking was reflected in the influential 1996 DAC strategy document²¹.

The net effect of these factors was a shift in ODA from civil society players to the government itself. There were two aspects to this shift. Critically, and for the first time, the process of managing ODA moved from a disparate and independent set of bilateral arrangements between donors and individual recipients to a centralised framework in which the South African government was the lead player, mediating and attempting to manage ODA flows.

Secondly, the larger proportion of ODA switched to government itself, and away from civil society organisations, in recognition of the reality that the principal development engine in the country was government itself.

This transfer took place within the ambit of the government's over-arching RDP, which provided a policy framework for donor to focus their ODA commitments.

Broadly from 1994 to 1999 the main themes observable in this period which emerge from our component study reviews are:

- ◆ Support to the formulation of policy and legislative frameworks;
- ◆ Creation of new institutional arrangements and structures to deliver the new policy frameworks;
- ◆ Capacity building and transformation within government in line with the principles of representivity;
- ◆ Increased focus on improving the speed and effectiveness of implementation systems and enhancing the provision and delivery of basic services;
- ◆ Declining support to civil society organisations, and, of the ODA that does go to this area, an increasing proportion targeted at those involved in service delivery rather than advocacy.

These patterns are visible in the discussion in Chapters 5 and 7 and in individual component study reports.

4.3. Rationale for and recent and emerging trends in ODA

Notwithstanding the end of apartheid and the coming to power of a new democratic government with clear development goals, ODA to South Africa was not a straightforward matter. Complicating the issue was the fact that, for many

²⁰ We take this to mean support to governments that are considered to have 'good' policy environments. See Democracy and Good Governance study for exploration of ideas of 'good governance'

²¹ DAC *Shaping the 21st Century: The Contribution of Development Cooperation*. 1996

donors, it was, as it still is, difficult to define the developmental status of the country.

South Africa is one of the richest and economically most important countries in Africa. Superficially, it bears all the characteristic hallmarks of a relatively prosperous middle-income country. It is the strongest economy in Africa, dominates the productive output for the SADC region, has well developed infrastructure in many vital economic sectors, including modern sophisticated sectors such as telecommunications and financial services, has a well developed and wealthy private sector, enjoys a considerable demand of imported luxury goods (particularly, motor vehicles, electronic goods and designer clothing), and boasts a GDP per capita (in 1997) of \$2,336.

All these factors pointed towards the country not being a typical recipient of ODA. However, as our SMME study shows, this sophisticated and buoyant end of the South African economic spectrum paradoxically also attracts aid. Unique to this particular sector, donor disbursements account for 60% of the expenditure, outstripping government's contribution of 40%. An increasing proportion of this ODA is targeted at small businesses who are either likely to graduate to trading partners, or whose economic success is likely to stimulate an increase in demand and, hence, promote international trade.

But there is another side to the South African picture too. When viewed from the lens of general human development, there exist in South Africa significant disparities within the population in terms of income, access to basic services in education, health, water and sanitation, and overall quality of life.

While the overall GDP per capita puts South Africa firmly into the middle-income category, deeper analyses reveals serious fractures in the country's developmental landscape. The real GDP per capita for the poorest 20% of the population is estimated to be \$516, whereas the equivalent for the wealthiest 20% of the population is estimated as \$9,897, a ratio of 19 to 1²².

Similarly, the poorest segments of the population, predominantly black and female, are concentrated in the deepest rural areas, mainly areas previously under the jurisdiction of the homeland administrations, while much of the wealth and economic activity is concentrated in the urban areas.

South Africa has one of the most unequal distributions of income in the world, as measured by the Gini coefficient²³. The richest 10% of South Africans account for over 45% of the national income while approximately 5% of the national income is shared amongst the lower 40% of the population. In 1997 the UNDP assessed that approximately 23.7% of the population lived on \$1 or

²² UNDP, *Human Development Report 1999*

²³ This coefficient is a numerical measure of income inequality (ranging from 0 to 1). A Gini coefficient of 0 means a perfectly equal distribution of income.

less per day, while local research revealed that 19 million or just under 50% of the population lived below the South African poverty datum line²⁴.

There are other figures and statistics available that reinforce this picture, pointing to gross disparities with the population in terms of access to basic services such as clean water, sanitation, education, health and welfare, employment and economic opportunities (see Education, Health, Water and Sanitation component studies).

When viewed from this perspective, the country does represent a traditional recipient of aid. The UN Human Development Report offers a more nuanced picture of the country in this regard. Despite being ranked 10th out of 93 in terms of real GDP per capita and thus notionally in the Medium Human Development category, the country is ranked 55th on the Human Development Index.

This discrepancy is illustrated further by the score obtained on the GDP/HDI index. This index, which indicates the extent to which the HDI rank is better (as reflected by a positive value) or worse (as indicated by a negative value) than the real GDP per capita rank, was determined to be minus 47 for South Africa, placing it at a position of 92 out of 93 countries in the category.

The combination of structurally redressing the wretched legacy of the apartheid state, addressing a number of emerging contemporary challenges (e.g. growing unemployment, health, and in particular, the HIV pandemic), and the need to improve the level of service delivery to disadvantaged groups all provide a compelling human-needs justification for traditional ODA flows for those donors who want to rationalise their engagement in this paradigm.

This highly textured, in some cases seemingly contradictory and sophisticated set of conditions that define the country, lend themselves to an equally complex array of reasons for engagement:

- ◆ Social development;
- ◆ Support for the political transition and consolidation of democracy
- ◆ Development of SMMEs and (international) business partnerships to promote economic development and hence enhance current and future trade linkages.

We say this noting that, even at its peak in 1997, all the parties engaged in these relationships (i.e. the South African government and donors) were aware that the total monetary value and proportion of ODA was marginal to government expenditure²⁵.

²⁴ We accept that there is no single South Africa poverty datum line. The figure we quote is drawn from the *South Africa Poverty and Inequality Report* which we consider a credible reference point.

²⁵ In this chapter we analyse ODA commitments as a proportion of the South African Budget Expenditure and GDP over the period 1995 – 99. At its peak in 1997, ODA commitments were

In the next chapter we present a more detailed, disaggregated picture of these aid flows in the period covered by DCR II, 1994 to 1999.

2.07% of the government expenditure and 0.57% of GDP. By 1999 these figures had dropped to 1.04% and 0.28% respectively, partly as a result of a decrease in the total volume of ODA commitments and partly because of the growth of the South African economy and an increase in the Government's own budget.

Table 2: Main strategic focus areas for donors

DONOR	COUNTRY STRATEGY PAPER	START OF SUPPORT	MAIN STRATEGY	AREAS	PROVINCIAL FOCUS	PERIOD
Australia	MOU Amendment	1995 1999	Basic needs HRD & institutional strengthening Democratisation Institutional co-operation	Public sector strengthening in e.g. health, water, telecomms, statistics, education, housing, mining & financial management Media Constitutional reform & local government Economic policy and planning Health Water and sanitation Education Agriculture	National	Undetermined
Belgium Development Cooperation Section	CSP (Under Review)	1995	Support democratic transition	Health Education and Training Gender Environmental Impact Governance and Democracy Economic Development (Agriculture and SME)	National and selected provinces	1995 – 2004
Canadian International Development Agency (CIDA)	CSP (Under Review)		Poverty reduction and employment generation	Education Health – Emphasis on AIDS/HIV Issues Gender Governance Civil Society Economic Development	National	1999-2004

DONOR	COUNTRY STRATEGY PAPER	START OF SUPPORT	MAIN STRATEGY	AREAS	PROVINCIAL FOCUS	PERIOD
China	None		Poverty alleviation	Low-cost housing Water supply	Not specified	Undetermined
Finland	None (Target and focus of ODA based on South African Govt.'s strategy and priorities)	1994	Reconstruction Promotion of democracy Poverty alleviation	First period : 1994 - 1999 Water Affairs and Forestry Health – parasite control Justice Human Rights – HR and Democracy Fund Education Second period : 2000 - 2010 Water Affairs and Forestry Justice Human Rights – HR and Democracy Fund Education Environment SMMes	National and selected provinces.	1994-1999 2000 - 2010
Sweden	CSP	1998	Poverty reduction Democratic transformation	Education Democracy and Human Rights Urban Planning and Housing Private Sector and Economic Cooperation – SME Development Culture and Media Public Administration Research and University Cooperation	Eastern Cape, Northern Cape	To 2003

DONOR	COUNTRY STRATEGY PAPER	START OF SUPPORT	MAIN STRATEGY	AREAS	PROVINCIAL FOCUS	PERIOD
European Union	CSP & Multi-Annual Program (MIP), 1997 and 2000		Development of social infrastructure Private sector support Good governance and democratisation Regional cooperation	Health, Education, Water and Social Housing SME Support Human Rights, institutional strengthening, NGO support Regional cooperation in multi-sectors	Eastern Cape, KwaZulu-Natal, Northern Province	1997-1999
			Poverty alleviation through improved service delivery Global integration of SA economy Human Rights and democracy consolidation Regional cooperation	Health Water and Sanitation Social housing Support to the NDA 2.1 Local Economic Development 2.2 SME Development 3.1 Human Rights 3.2 Justice 4.1 Regional cooperation multi-sectors		2000-2002

DONOR	COUNTRY STRATEGY PAPER	START OF SUPPORT	MAIN STRATEGY	AREAS	PROVINCIAL FOCUS	PERIOD
Flanders	CSP (Under Review)	1995	Support democratic transition	Education Health Local Government Support	Northern and Free State Provinces	1995 – 2004
France	Under consideration		Poverty reduction Reducing inequality	Technical, scientific & cultural co-operation Social infrastructure investment and private sector development (AFD loans) FASEP grants and French Treasury loans – in all economic areas (no particular focus)	Not specified	Undetermined
Germany	CSP, 2000		Poverty alleviation Growth & employment	Community development Public administration and decentralisation Education – Vocational and basic Business and employment (SMMES) Cross-cutting: Gender, capacity-building, resource management & technology transfer	Eastern Cape Mpumalanga Northern Prov KZN	Undetermined
Ireland	MOU to be prepared in 2000		Assistance to the disadvantaged	Human rights and democratisation Education and training Health Rural and community development	Not specified	2004
DONOR	COUNTRY	START OF	MAIN	AREAS	PROVINCIAL	PERIOD

	STRATEGY PAPER	SUPPORT	STRATEGY		FOCUS	
Italy	CSP, 2000		Poverty reduction	Education Crime and Violence Prevention (women) Environment SME development Health	Northern province, Mpumalanga, KwaZulu-Natal	2000-2002
Japan	None		Reduction of poverty and historical inequalities	Grants/TA: Health and Education (bulk of assistance), water, SME promotion, community development and capacity-building/training Loans/credit guaranteees: Infrastructure investment (all economic sectors), trade and investment promotion	Eastern Cape Northern Prov Mpumalanga KZN	Up to 2004
Malaysia	None		Capacity-building	T training/study tours in various sectors	Not specified	Undetermined
New Zealand	None		Public sector reform/ good governance Grass-roots co-operation	Education Health Public Service and administration	Eastern Cape	Undetermined

DONOR	COUNTRY STRATEGY PAPER	START OF SUPPORT	MAIN STRATEGY	AREAS	PROVINCIAL FOCUS	PERIOD
Royal Danish Embassy DANCED	CSP, 1998		Environment	Urban environmental management Holistic waste and pollution management Sustainable energy Integrated natural resource management Biodiversity Forest and wood resources Water resource management	KwaZulu-Natal, Mpumalanga Gauteng	To 2002
Royal Danish Embassy Danida				Democratisation Local government Policing Regional Cooperation Education and training SME Development 5. Land reform and community water supply		To 2002
Royal Netherlands Embassy	None	1995	Poverty alleviation Democratic development	Local Government Youth Education Justice Gender as cross-cutting		To 2004

DONOR	COUNTRY STRATEGY PAPER	START OF SUPPORT	MAIN STRATEGY	AREAS	PROVINCIAL FOCUS	PERIOD
Royal Norwegian Embassy	MOU	1994	Reformation of SA society Support to reconstruction and development	Peace, Democracy and Human Rights Local government Justice Economic Cooperation SME development Regional economic cooperation Energy Labour Statistics SA 3. Environment Human Development Education Housing 5. Culture		To 2005
Singapore	None		Capacity-building	Training/study tours/T/C in various sectors	Not specified	Undetermined
Spain	Under consideration		Poverty and inequality: Basic needs, institutional capacity and promotion of science, technology & industry	HRD Basic social services Institutional support and capacity-building; Support to production sectors & basic infrastructure development Environmental protection Promotion of gender equality	Not specified	Undetermined

DONOR	COUNTRY STRATEGY PAPER	START OF SUPPORT	MAIN STRATEGY	AREAS	PROVINCIAL FOCUS	PERIOD
Switzerland	MOU MOU	1994 1999	Poverty alleviation Democratization	Democratic governance Education Land reform and land use Awareness of poverty, gender and environment as cross-cutting themes		Up to 2004
The Commonwealth Secretariat	MOU	1995	Consolidating the Transition	Political Developmental Gender Equality Secretariat Governance and Management	National, Provincial and Private Sector Initiatives	1995 – Ongoing
United Kingdom Department For International Development (DFID)	CSP, November 1998		Poverty alleviation	1. Human Development: Education Health 2. Sustainable Livelihoods: Rural Development Environmental management Water and Sanitation 3. Democracy and Good Governance Public sector reform Enterprise development	All provinces	Undetermined

DONOR	COUNTRY STRATEGY PAPER	START OF SUPPORT	MAIN STRATEGY	AREAS	PROVINCIAL FOCUS	PERIOD
United States Agency for International Development (USAID)	CSP		Support for Sustainable Transformation	Democracy and Governance Education Health Economic policy Capacity Market Driven Employment Housing And Municipal Services	National, Provincial and Private Sector Initiatives	1996 – 2005
United Nations Development Program (UNDP)	New UNDAF (United Nations Development Assistance Framework) in the form of a Current Country Co-operation Framework. Now in place	1994	Support to the Government's Reconstruction and Development Program	Poverty and Sustainable Livelihoods: policy support & advocacy; employment & livelihood opportunities; social development. Sound Governance: Decentralisation; Democratisation; Safety & Security; Development Management. South Africa Human Development Report. Cross cutting themes: HIV/AIDS; Gender; Environment; Human Rights.	National and Provincial	1994 – 2004

Recommendations

- The broad range of objectives of the MTEF, even if deemed essential for domestic purposes, should not prevent the government from interpreting the MTEF more narrowly and specifically in order to direct ODA flows more selectively.
- An 'MTEF for ODA' priority analysis would enable the government to use ODA more strategically and effectively and prevent the flow of ODA actively switching away from the poor.
- There is a need for an explicit poverty elimination framework to properly direct donor commitment to poverty alleviation which lies at the heart of the RDP framework