

# Understanding South Africa's Role in Achieving Regional and Global Development Progress

As Africa's most diversified, developed and (until recently) largest economy, South Africa occupies a unique position in the international development debate. It is an active player in global governance and development fora, maintains an extensive development partnership with its region, and is a member of the BRICS Forum of emerging powers (along with Brazil, Russia, India and China). The 2009 announcement of a new South African Development Partnership Agency (SADPA) has also generated interest among traditional donors to work more closely with South Africa in regional development. While questions remain about the scope and composition of SADPA, it is clear that South Africa's role as a development actor is growing, and more needs to be done to understand the contribution it can make towards tackling poverty and promoting sustainable development at the regional and global levels.

## From recipient to donor

South Africa has been a significant recipient of aid since 1994, at around ZAR8bn (\$1bn) a year. However, the announcement by the UK Department for International Development (DFID) that it will phase out its assistance to the country by 2015 is also an acknowledgement that South Africa is increasingly recognised as a donor rather than a recipient. A 2006 review by the South African Treasury concluded that the country's Official Development Assistance (ODA) is comparable with countries such as Sweden and Norway. More recent estimates suggest that South Africa is surpassing even the ODA target set for traditional donors, with between 0.7 per cent and one per cent of gross national income (GNI) going towards the development and stability of its region.

Much of South Africa's regional development assistance cannot be described as 'donor aid' or 'donor assistance' as traditionally defined by

the OECD Development Assistance Committee (DAC). It is better understood as part of the South-South cooperation tradition, articulated in the UN Buenos Aires Plan of Action (BAPA) of 1978 and the High-Level United Nations Conference on South-South Cooperation in Nairobi in 2009. Exchange of resources and technical expertise, peer learning, capacity building and cooperation based on a common definition of partnership and solidarity are central tenets of this approach.

Along with most of its BRICS partners, South Africa positions itself squarely in the global South. In doing so, it identifies with the global marginalisation of the African continent, but has also taken an active role in addressing this, advocating for and on behalf of African concerns. Utilising the African National Congress (ANC)'s rhetoric against apartheid, South Africa has taken up the fight against what it regards as 'global apartheid' – the unequal playing field

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that prevents Africa from fully participating as an equal in the global community.

The primacy of Africa is therefore a defining pillar of South Africa's foreign policy, which is apparent in its various bilateral, regional and multilateral engagements. Articulated as the *African Agenda* by the Department of International Relations and Cooperation (DIRCO) in its Strategic Plan, the continent also sits at the heart of South Africa's development partnership activities.

Though the smallest economy of the BRICS, South Africa's substantial contribution towards peace-building and regional development, and its active advocacy role in global fora, have contributed towards its credibility as a key Southern voice in the global public goods arena. Moreover, South Africa's engagement with global development frameworks positions it as a potential bridge-builder between developing and developed nations. However, this role

might change and expand as South Africa assesses the value of aligning itself more firmly with the emerging South.

### **African solutions for African problems**

In the post-apartheid era, South Africa has attempted to reframe its relationship with the African continent from its hegemonic past. Part of its development assistance has included debt forgiveness initiatives for countries such as Namibia, Swaziland and Mozambique.

However, South Africa's contribution to development in the region falls primarily under the broad rubric of peace-building, conflict mediation, post-conflict reconstruction and regional stabilisation. South Africa is among the biggest African contributors to multilateral peacekeeping operations through the African Union (AU) and the United Nations (UN), in keeping with the government's view that peace and stability are fundamental, not just for regional development in sub-Saharan

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## **South Africa's multilateral engagements**

South Africa has initiated and engaged with a number of multilateral initiatives, both at the regional and international levels. These include:

- **The Southern African Customs Union (SACU)** – the oldest customs union in the world, comprising Botswana, Lesotho, Namibia and Swaziland (or so-called BLNS states) and South Africa. South Africa contributes 98 per cent of SACU's annual common revenue pool, which in 2009/10 represented US\$3bn (one per cent of its gross domestic product (GDP)). Though not recognised as development assistance, it is worth noting that the SACU transfers constitute between 50 per cent and 70 per cent of the budget revenue of countries like Swaziland and Lesotho, and between 15 and 30 per cent of revenues of Namibia and Botswana.
- **Regional development finance institutions** – including the African Renaissance and International Cooperation Fund (ARF), the Development Bank of Southern Africa (DBSA), and the Industrial Development Corporation (IDC). All three institutions have an active regional presence and engagement legacy and are expected to inform the foundation of South Africa's continued development partnership activities under SADPA.
- **Global development finance institutions** – South Africa is a regular contributor to the World Bank and the African Development Bank (AfDB), but has also been active in calling for reform of international financial institutions (IFIs), including the World Bank and the International Monetary Fund (IMF). It is the third largest shareholder in the AfDB (after the USA and Japan), and the only African contributor to the African Development Fund. It is also the only African country that contributes towards the World Bank's International Development Association (IDA), a development facility for low-income countries.

Africa, but also for South Africa's own development. South Africa's expansive efforts in regional peace-building over the past 20 years in Burundi, the Democratic Republic of Congo (DRC), Sudan, Somalia, and Madagascar – and less successfully in Côte d'Ivoire, Angola and Zimbabwe – should be assessed in this context.

As well as contributing to peace and security, South Africa has made significant investments in African institution-building, infrastructure development and regional integration. It played a leading role in the reform of the Organization of African Unity (OAU), resulting in the launch of the African Union (AU) in Durban in 2002. South Africa is also a major financial contributor to a number of regional initiatives, including: the New Partnership for Africa's Development (NEPAD), the AU's socioeconomic development programme; the Pan-African Parliament; the AU budget (to which it contributes one of the largest shares, 15 per cent); and the Southern African Development Community (SADC), providing 20 per cent of the 15-member regional institution's operational budget.

Through regional initiatives such as NEPAD and SADC, and other projects such as the Programme for Infrastructure Development in Africa (PIDA), South Africa is also a significant player in developing African regional infrastructure. In addition, the country is providing extensive financial support through the IDC and DBSA for regional water, transport, energy and telecommunications infrastructure.

The South African government also has significant competency in its public financial management, and has won international plaudits for its revenue collection management, customs management and domestic resource mobilisation. It plays a leading role in the Collaborative Africa Budget Reform Initiative (CABRI) and in the African Tax Administration Forum (ATAF). As a leading member of the C-10 (representing the Committee of Ten African Ministers of Finance and Central Bank

Governors), it possesses regional capacity-building experience in statistical analysis and information gathering.

### **Civil society and the private sector**

South Africa has a robust and regionally engaged civil society that is involved in a range of capacity-building activities across the continent. Civil society groups have significant experience in constitutional justice, mediation, and peace-building activities, but also research expertise on regional integration, conflict analysis and early warning, and trade and investment issues, offering a wealth of resources on development cooperation that is currently under-utilised in the state's development framework.

The private sector in South Africa is also a significant contributor to regional development. South Africa is the biggest African investor in its region, and the second largest developing country investor in Africa after Malaysia, and ahead of China. As well as collaborations between state and civil society, there is also considerable potential for further innovation in public-private partnerships in the region.

### **The future of SADPA**

There remains a great deal of uncertainty about the future of SADPA and South Africa's development cooperation. Previous studies have shown that over half of all South Africa's government departments are providing regional development assistance in some form, and so the need to establish a central coordinating mechanism is a strong driver in the process of establishing SADPA.

However, SADPA will require extremely strong technical and financial capacities that currently do not reside within DIRCO, but are more readily available in the Treasury. At least in these early stages of the agency's formation and activities, there is a strong case to be made for close cooperation between these two departments; one option is the ongoing secondment of staff from the Treasury and other development finance institutions to SADPA.

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## Policy recommendations

- **Ensuring effectiveness of joint programmes:** South Africa's shared regional history and proximity enhance its legitimacy and capacity to engage as a development partner. Its significant experience in security, peace-building, and 'state and institution' building is complemented by its human resource development and capacity building in Africa. This makes it a credible and valuable partner for trilateral and multilateral development and security initiatives in Africa.
- **Representing African interests:** South Africa is an active participant and engaged observer in a range of global initiatives and fora, including African organisations and broader initiatives such as the proposed BRICS Development Bank. This unique positioning enables South Africa to represent African perspectives in these fora, and to build a consensus around African interests and concerns, particularly in supporting global governance initiatives and maintaining Africa's development aspirations through equitable sharing of global public goods burdens. However, this remains a difficult task, as the country has not been nominated or elected to fulfil this role, and African interests do not converge in every instance with South African interests.
- **Building SADPA capacity:** As a new institution, SADPA will require significant technical and financial capacity, and will depend on the expertise and capacity of other government departments and IFIs as it develops its programming. Trilateral cooperation will be a necessity for mobilising additional funds for the agency, and an opportunity to learn from best practice, but also offers further opportunities and avenues for North–South partnership in African regional development.
- **Improving transparency and public management:** With South Africa increasingly channelling resources to its African development partners (with potential co-support from other trilateral partners), there is a need for greater transparency as well as better monitoring and evaluation (M&E) systems to ensure that funds are spent in an accountable manner and that South Africa's contribution is making real impact. Some lessons could be drawn from the aid effectiveness practices of traditional donors, while the India-Brazil-South Africa Dialogue Forum (IBSA) fund, managed by the United Nations Development Programme (UNDP)'s Office for South–South Cooperation, also offers a useful departure point for framing South Africa's indicators and criteria for support.

## Further reading

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