

Annex I: South Africa

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I. South Africa MIC specificities

South Africa is a Lower Middle Income Country.¹ However, the average per capita income is somewhat misleading, as income is distributed extremely unequal. Parts of the South African society have a living standard comparable to OECD level, while large parts of the population live in extreme poverty. As a consequence of the Apartheid regime, the income groups still largely follow racial lines.

Democratic institutions and governance

Political system

South Africa is a quasi-federal Republic; there are nine provinces with legislative and executive powers in certain policy areas. South Africa's current constitution has come into force in 1997. Freedom House rates South Africa as 'free', with a maximum score of 1 in political rights and 2 in civil liberties.

Electoral turnout is high, with over 66%. The African National Congress (ANC) is the overwhelming political force with a two-third majority in both Houses of Parliament. Below the national level, the ANC is also the major political force in all provinces since the elections in April 2004. All regional heads of executive are ANC affiliates. However, the ANC is not as dominant in some of the regions as on the national level (e.g. in Western Cape, KwaZulu-Natal, and Gauteng) and has to form coalition governments in some of the provinces.

Challenges of government's legitimacy / armed conflicts

Since the end of Apartheid, election results are generally accepted and the legitimacy of government is not fundamentally challenged. Political violence occurred in the Province of KwaZulu-Natal during the transition to democratic governance; however, there have been no major challenges to the government or sustained armed conflicts since the introduction of democratic rule in 1994.

Rule of law

The legal system of South Africa is based on Roman-Dutch law and English common law. As with the other indicators, South Africa performs well above the regional average with respect to the rule of law. In this category, however, it is slightly below the income group average (WBI 2003). A particular problem for South Africa is the high crime rate; e.g. the city of Johannesburg has one of the highest rates of violent deaths in the world.

Government effectiveness

Government effectiveness and the regulatory quality are highly above the regional average for Sub-Saharan Africa and slightly above the income group average. Implementation of government policy therefore is quite good, at least on the national level. Some donors report difficulties on the provincial level with regard to policy implementation.

South Africa's ranking, however, is different in the case of political stability: the country is below the income group average on this parameter in 1996 to 2002. Political violence and uncertainties during the transition period in 1996 will have influenced the scoring in this category negatively – particularly in KwaZulu-Natal. Consequently, the score in this category has considerably improved in 2002.

Corruption

Corruption is relatively well contained when compared to the Sub-Saharan average. The country is in position 48 of 133 countries in the Transparency International corruption survey (2003), along with Mauritius. Its control of corruption is much higher than the regional average, but only slightly higher than the income group average.

¹ The GNI per capita was at US\$ 2,500 in 2002. It is at the upper level of the LMIC category, which embraces countries up to a per capita income of US\$ 2,935. The average per capita income in this group is at US\$ 1,400.

II. Role of EU aid and Millennium Development Goals

The EU (including the EC, Member States and the EIB) accounts for 70% of all ODA to South Africa; the EC alone gives one quarter of all ODA. The EU – if coordinated – therefore has a very dominant role in assistance to South Africa. It has be kept in mind, however, that South Africa is not aid dependent: overall aid only accounts for 0.6% of the South African GDP.

With the end of Apartheid, the government committed itself to poverty reduction and improved livelihood for the majority of the population. The government programmes, both RDP and GEAR, however, had only a limited impact in the poverty reduction. Many donors support the delivery capacity of government (on the national and sub-national level).

The South African context for poverty reduction is particularly difficult, given the political framework. One core condition of the peaceful transition to democracy was the maintenance of property rights. Challenges to the South African government – albeit not questioned in its legitimacy – are manifold.

As a legacy of Apartheid, income groups are largely cut across racial lines; pro-poor policy will therefore have an underlying current of racial policy. Thus, government is pressured by activists of the poor population to deliver economic benefits quickly, and, on the other hand, tries to reassure domestic and international investors, hence maintain macroeconomic stability and keep property rights unchallenged.

The EU Member States have focused their interventions in South Africa in the following sectors (3 digit DAC):

Government and civil society	15.7
Banking and rural services	10.4
Basic education	9.0
General environmental protection	7.5
Basic health	5.3

In South Africa, the largest proportion of EU Member States' assistance is given to the sector government and civil society. The aid interventions in this case reflect the prioritisation of the country strategy papers. About two thirds (61%) of all projects/programmes in this sector have reported poverty marker, one third of which with values of 1 or 2. 'Banking and rural services' has a higher pro-poor impact: in this sector, 65% of all projects/ programmes report poverty markers (45% of which of 1 or 2).

Poverty

South African figures on absolute poverty only give the figure for 1995: According to the World Development Indicators database of April 2004, 7% of the population had to live of less than US\$1 a day in 1995 (measured by consumption). Data on progress could not be found, but with regard to other Millennium Development Goals, the South African situation has stagnated between 1990 and 2002.

The statistic does not tell any major improvement with regard to the MDGs. Basic education seems to be justified as area of donors' support: net primary enrolment ratio has even decreased by almost 10%.² 45% of the projects in this area have reported a poverty marker (half of which with a value of 1 or 2).

Particularly worrying is the HIV prevalence among 15 to 24 year old women. HIV/AIDS does not only mean a considerably loss of life, but will negatively affect the entire society and economy. Government policy in the area of HIV/AIDS – which interpreted the pandemic

² NB: quality of the education is not accounted for – in 1990, the schooling system was Apartheid shaped with huge gaps in quality between education (and spending per) for white and black pupils.

predominantly as the accumulation of symptoms of poverty³ – was highly criticised internationally.

MDGs	1990	1995	2001	2002
Population below US\$1 a day		7.1		
Prevalence of child malnutrition		9.2		
Net primary enrolment ratio	98.9	98.2	89.5	
Percentage of cohort reaching g 5	75.3			
Ratio of girls to boys in primary and secondary ed	102.9	103.0	100.7	
Under 5 mortality rate (per 1000)	60.0	59.0	63.0	65.0
Immunisation, measles (% of children under 12m)	79.0	76.0	72.0	78.0
Births attended by skilled health staff		82.0		
Prevalence of HIV female			25.6	
Forest area (% of total land area)	7.4		7.3	
National protected areas (% of total land area)		5.4	5.4	5.5
Access to an improved water source (% of pop)	86.0		86.0	
Access to improved sanitation (% of pop)	86.0		87.0	

III. EU Country Strategy Papers

3.1 European Community

The latest European Community CSP, 2003-2005, was signed in July 2003.⁴ The previous CSP was prepared in 1996-97, focussed on: basic social services –particularly health and education, good governance and democracy, private sector development and regional cooperation.

The CSP 2003-2005 provides the rationale for the EC programme (MIP 2003-2005). It is consistent with the SA Government national and sector priorities. However, the CSP does not explicitly discuss the Millennium Development Goals.

EC Objectives

The CSP notes the European Community's general objectives (Treaty and Development Policy Statement) as well as the objectives included in the Trade, Development and Cooperation Agreement (October 1999). The main objective is fighting poverty in the context of sustainable development, insertion into the world economy and the rule of law.

Country Analysis: challenges

The majority of the section describing the political and economic situation, the sustainability of current policies and medium term challenges focuses strongly on poverty and inequality and good governance (about 60%). The analysis notes the Government success in achieving macro-economic stabilisation, establishing new institutions -particularly at local level- and the

³ In its extreme, the discussion explained the debate on HIV/AIDS prevention with conspiracy theory; "the West" is allegedly trying to avoid addressing the "real" reasons for the disease, i.e. international injustice and inequality.

⁴ As a consequence of the timing, the CSP recognised that it might have to be revised "It should not be excluded that it might be necessary to revise the EC response strategy in the course of 2003 in function of the new government's priorities".

Bill of Rights and promoting foreign relation initiatives (NEPAD, African Union, SADC, Great Lakes).

The section also notes the progress in social service provision to the poor and the targeting of sector policies and budgetary allocations to poverty. However, there is no linkage to the MDGs.

The CSP notes that SA has the “third most unequal society in the world” and “57% of Africans live below the poverty line and only 2% of Whites”. Overall the poverty rate is still 45%⁵ with nearly 20 million South Africans living below the poverty line poverty level. Eastern Cape, Limpopo and KwaZulu Natal are the regions where more than 60% of the poor live. And HIV/AIDS is identified as the major threat to the sustainability of current policies. The key challenges for the medium term are: widening income inequality, slow growth, high and rising unemployment and the HIV/AIDS pandemic.

The CSP concludes that participation by communities and civil society is necessary “to ensure that policies respond to the needs of beneficiary populations”. It also recommends agreeing on outcomes to “be achieved in a range of policy interventions, and regular monitoring and evaluation of their direct impact on poverty” as to improve the reach of EC programmes to the poor and very poor.

The country analysis focuses strongly on poverty and suggests key ways to tackle poverty. However, the analysis of the dynamics of poverty and its sector linkages is somewhat limited.

Past Interventions: Assessment

The CSP notes that an independent study found that ODA is a small proportion of SA budget, but it is well suited to contribute knowledge on best practices models to improve service delivery to the poor. However, the study also noted that the Government needed to improve its coordination of donors, its information management systems and to adopt an overall poverty reduction strategy. This assessment refers to a considerable number of evaluations and it is strongly focused on poverty and civil society assessments (although there is limited reference to interventions by other donors).

It notes that the MIP 2000-2002 followed many of the recommendations of the CS Evaluation 1999 and focused in fewer sectors and adopted sector approaches. While the CSE 2002 concluded that the EC strategy was in line with the government strategy. Moreover, the CSE identified ways to improve the poverty effectiveness of EC aid (as recommended by a Civil Society consultative process). It also identified the importance of focusing on policy implementation, the capacity of provincial and local governments, monitoring and evaluation (particularly, poverty impact) and encouraging the participation of the poor (as recommended in a study by the Centre for Policy Studies).

The CSP notes that since 1994, 65% of the EC assistance has been targeted to poverty reduction and 17% has been allocated to the consolidation of democracy, human rights and the rule of law. Moreover, 27% of the 2000-2002 EC programme has been channelled to non-government partners.

This section relies significantly in past evaluations and focuses strongly in drawing important conclusions to improve the design of pro-poor EC interventions.

EC Cooperation Response: Focal Sectors

This section argues that the EC response strategy should strengthen political cooperation and focus in reducing inequality and poverty (including AIDS related issues).

⁵ R353 per Month. Human Development Report 2000.

This section takes into account EC objectives, country analysis and assessment and proposes an EC programme of 515 million euro for the 2000-2006 period focusing in 4 focal sectors/objectives:

- 1) equitable access to and sustainable provision of social services: to increase poor people's access to health (HIV/AIDS); human resource development (skills), water services and sanitation and the integration of orphans and children in vulnerable situations into social life.
- 2) equitable and sustainable economic growth: to improve competitiveness at national level and local development aims at stimulating pro-poor growth.
- 3) deepening democracy: support social capital and democratic values with a focus on supporting local democratic processes and community participation to fight crime and violence against women and children (which affect most severely the poor). Also supports the advocacy role of civil society in favour of accountability and the interests of poor and vulnerable groups
- 4) regional integration and cooperation, including support for NEPAD in the area of capacity building good governance and conflict prevention and resolution..

The CSP response also includes support to cross-cutting issues on: HIV/AIDS, capacity building, civil society and other non state actors involvement, governance, environment and gender. The response strategy proposes a focus on the 3 most deprived provinces: KwaZulu Natal, Eastern Cape and Limpopo.

The programme also proposes the definition of an active pro-poor policy including the selection of poverty indicators to improve impact monitoring. Sector approaches are also endorsed. The EC strategy proposes a programme that strongly focussed on poverty interventions and best practice. It also strongly supports civil society partnerships for pro-poor development.

Multi-Annual Indicative Programme: the Programme

The indicative allocation of the EPRD is of €515m.

- 1) *Equitable access to and sustainable provision of social services: 40-50%*
 - a) Health Care with emphasis on HIV/AIDS. Public primary health care services and first referral systems and public/CSO partnerships. In 3 focus regions.
 - b) Human Resource Development to reduce backlog in school infrastructure in targeted areas, improve quality of Further Education and Training bands, addressing the impact of HIV/AIDS in the education sector.
 - c) Water and Sanitation in under-served areas in 3 focus areas (performance based budget support)
 - d) Orphans and children in vulnerable situations (especially HIV/AIDS related)
- 2) *Equitable and sustainable economic growth: 20-30%*
 - a) National support to the Integrated Manufacturing Strategy
 - b) National support to Second Risk Capital programme (subject to evaluation)
 - c) Local economic development programme in Eastern Cape
 - d) Urban renewal programme in Eastern Cape (previous programme in KwaZulu-Natal)
- 3) *Deepening democracy: 15-20%*
 - a) Policing in Eastern Cape (crime prevention and violence against women and children)
 - b) Capacity building to key stakeholders in local democratic processes
 - c) Call for proposals to fund civil society advocacy initiatives critical to SA and the Regional development agenda.
 - d) Support to Courts

- 4) *Regional and co-operation and integration: 10%*
- a) Regional component of the Integrated Manufacturing Strategy (SADC Trade protocol)
 - b) SADC Regional Water Resources Management
 - c) Regional pharmaceuticals policies (improve access and quality control of essential pharmaceuticals)
 - d) Regional conflict prevention and resolution- consolidate peace and democracy in SSA
 - e) Assist SACU countries to deal with the implications of the Trade and Development Cooperation Agreement.

3.2 Sweden

The Swedish Country Strategy Paper is set up for the period of January 1, 1999 to December 31, 2003. The paper is based on a Memorandum of 18 December 1997 and several studies carried out by the embassy in Pretoria. It predates the MDG and hence no mention of them.

Swedish objectives

Swedish government directives include further development, broadening and deepening of relations in a long-term sustainable way.

Country analysis: Challenges

Half the population is classified as poor, even though RSA is a MIC. "Poverty is strongly linked to geographical domicile, ethnic group and gender". Unemployment is estimated to be at around 30 per cent. Illiteracy is wide spread (7m people), 3m people are physically or mentally handicapped. In addition to these socio-economic issues, government faces reform of the public administration, criminality and corruption, lack of water, and HIV/AIDS.

The analysis describes the Reconstruction and Development Programme (RDP) of the GoSA (established for the period of 1994-1999). The programme is classified as ambitious. Measures to address income inequality have been mixed. "To date, success can be primarily noted in areas such as electrification, water and sanitation, and health care". Unemployment is "a gigantic problem"; the GoSA wants to create employment mainly by economic growth, but also through support for SME and infrastructure projects.

The educational system is very unequal, even though over 20% of the budget is allocated to education and some (increased but still insufficient) attempts have been made to re-shift the budget allocations to the poorest provinces. In most cases, schools are sub-standard.

The plan to build 1m housing units until 1999 has proven unrealistic. Major obstacles to the programme have been red tape and lack of willingness on the construction market and on part of the banks to become involved in housing for the poor. Progress, however, is noted. Unwillingness and inability among poor people to pay for services is a big problem, but "even here, the situation is being gradually normalised".

The macro-economic strategy "Growth, Employment and Redistribution" (GEAR), despite its title is less radical than RDP. It emphasises budget and monetary discipline, liberalisation and privatisation, export-led growth and increased employment. The targets, however, are questioned if they are realistic. Administrative reform is on the way and has led to "far reaching change" with regard to composition of staff, efficiency, decentralisation, and new policies, "often of high quality". Civil Society has changed greatly and is re-orientating itself "combating poverty instead of the Government".

"In conclusion, it is unlikely that foreign investment and economic growth will be sufficient during the coming five-year period for a dramatic improvement to take place in the form of increased employment and reduced poverty".

Past interventions: Assessment

Results consider the work achieved during July 1995 to December 97, i.e. the first 2.5 years of bilateral cooperation. Cooperation has been concentrated on education, democracy and human rights, culture and media, public administration and urban development. Support has been given to private sector development (SEK 28.2m) and NGOs (SEK 52.1m) outside the country frame. Total disbursement in that period was at SEK 592.1m, of which SEK 511.8m within the country frame.

In the education sector (SEK 154.7m), assistance has been channelled through the Ministry of Education, addressing "long-term reform work", and the Northern Cape Province, addressing pedagogical work. NGOs have been supported in adult education. Around 30,000 people have been reached p/a by the programmes, and 5,000 university students have received grants from SIDA-supported funds.

Major parts of the aid to human rights/democracy (SEK 146.3m) are now channelled through the NGOs, such as e.g. Diakonia, the Olof Palme International Centre, and the Raoul Wallenberg Foundation. Rather limited support is to the government (human rights training for the police, support for the Truth and Reconciliation Commission). Evaluation has shown "a good result".

Public Administration has received SEK 70.3m, and largely aimed at reshaping administration and "creating the prerequisites for good governance". Participation has involved long-term cooperation with the provincial administration in Northern Cape, cooperation in statistical agencies, local governments in Northern Cape and the tax agencies. Evaluation shows that the assistance "has been strategically targeted".

Urban development and housing assistance (SEK 80.1m) aimed at combating poverty and integrating the cities segregated by apartheid. Aid was targeted – besides national NGOs – at the towns of Port Elisabeth and Kimberley. Mainly aiming at the urban landscape, "the projects also have significant side-effects such as creating employment and promoting local democracy".

Support in culture aimed at unprivileged children and young people (SEK 29m). Assistance to private sector development (SEK 28.2m) aimed at SME support among disadvantaged groups and was given through training (10,000 people) and micro-credits (20,000 people), "not infrequently women entrepreneurs with families to support". It was mainly channelled through NGOs, but since 1997 also includes the Government's body for small enterprise financing.

This section also contains a paragraph on the donor environment in SA. Since 1994, Scandinavian countries, NL, UK and the USA are prominently active. "Among the multilateral donors, it is only the EU that can be said to have initiated more extensive co-operation". Areas of cooperation are education, democracy, health, environment, and SME. Donor cooperation with SA was slow to start due to the fundamental changes in 1994. Many experienced NGO people were recruited by the ANC government. Long experience in the support for "the freedom struggle" have resulted in Scandinavians and Dutch to be selected for cooperation in sensitive areas, e.g. administrative reform, democracy and human rights.

Swedish Cooperation Response: Focal Sectors

The section starts with summing up South Africa's priorities. SA requested support from Sweden in the areas of "Democracy and Good Governance", and for two cross-cutting areas, namely gender equality and handicap issues. With regard to the labour market, other donors' activities in this area, namely the EU, are listed. This should not be Swedish priority; expertise might be channelled through the EU.

Donor assistance is 0.3% of GDP and 1% of Government budget. The volume of Swedish aid is comparatively small, so it should rather focus on capacity building than aid transfers. It should aim at sector important to address injustices of the previous apartheid regime with a

strong focus on improving the situation for the poor. Swedish engagement should be complemented by NGO support. Support to both reform of public bodies and projects targeted directly to the poor through NGOs shall continue. This shall strengthen CSOs and give particular attention to the police/armed forces.

Given its broad mandate, Swedish aid should concentrate on (i) economic co-operation, (ii) deepened/expanded contacts in ongoing co-operation programmes, and (iii) other non-commercial contacts. There are also possibilities for cooperation in areas like the environment or R&T. New projects should be limited to research and university co-operation. Funds for exchange and dialogue in other areas are suggested. Given SA's considerable own funds, "projects of model character with high content of knowledge-related transfer" are of particular interest. The aim is to gradually phase-out development assistance in favour of other forms of co-operation; support for media is to be ended in 1998.

The CSP suggests a number of relatively detailed possible support projects in previous cooperation areas, i.e. education, democratic governance, urban development, etc (5.5 pages). The focal areas are as given in the past interventions.

Administrative resources include 7 expatriate officials in Pretoria and 6.5 staff at SIDA in Stockholm for cooperation with South Africa. On additional staff has already been employed at HQ on economic cooperation, another person is working in Johannesburg to foster trade contacts.

3.3 United Kingdom

The UK Strategy Paper embraces the area of SACU, i.e. South Africa, Namibia, Botswana, Lesotho and Swaziland. Four of them are middle-income countries; Lesotho is a low income country. The paper is dated to October 2002. An annex is dedicated to each of the countries. The paper also contains statistical tables of progress towards the MDGs for all countries.

The regional section addresses poverty and inequality in a separate section (about 30% of the regional section). This summary, however, will focus on the Country Annex South Africa, which is structured similar to CSPs in other regions.

UK objectives

The key aim of assistance to SA is to strengthen partnership in promoting a pro-poor agenda internationally. The UK "will encourage, support and develop strong partnerships between Britain and South Africa, particularly those which contribute to positive change and to reducing poverty" (Mission statement, signed by all UK government offices in SA)

SA plays a vital role in addressing poverty reduction (i) within the Doha round, (ii) within the AU, NEPAD, and SADC, (iii) in addressing conflict issues in Africa and (iv) as host of the World Summit on Sustainable Development in Johannesburg in 2002.

Country Analysis: Challenges

The paper starts with noting the overall importance of the ANC within SA and SA within SADC. Unemployment is stated to be at 38%. "Growth in employment in the formal and informal sector is the key to reduction of poverty and inequality", although in some parts of the country, livelihood can be improved through self-employment in small agriculture or enterprise.

The paper discusses macro-economic policy, judged favourably on the GEAR strategy. Constraints to growth are named, e.g. strong dependence on the formal economy [sic!], small domestic market. Other constraints are attributed to the legacy of the apartheid regime, e.g. low skills, and infrastructure insufficiencies. Among the inheritance are results of the 'homeland' and migrant labour policy. Particular constraint to poverty elimination is the legacy

of the education policy. Many of the unemployed lack the skills to access the formal labour market or to succeed as entrepreneurs.

As a result, SA is “one of the most unequal countries in the world. The poorest 10% of the population is responsible for 1% of total expenditure; the poorest 40% are responsible for less than 10% of the expenditure...”. Poverty is heavily concentrated in the former homelands, the peri-urban areas and townships. Women are more likely to be poor than men; levels of gender violence show the disempowerment of women. Good trend data on poverty is not yet available, however, provincial data are given.

The review of the policy environment focuses on pro-poor policy, such as water and electricity supply and housing. Governments HIV/AIDS policy is criticised. The size of the non-state sector is positively stressed as key to development.

Donor support for SA represents about 2% of the government budget. The range for international donors is comparatively small, as SA has not significantly borrowed from the World Bank, the ADB or Japan. Resources of UN agencies are small. Active bilateral donors include the USA, Germany, the UK, Sweden, the Netherlands and Norway. The largest donor is the EU.

Assessment of past interventions

DfID will focus on working with the EU, and cites the Union’s four areas of cooperation: (i) equitable and sustainable access to and use of social services, (ii) equitable and sustainable economic growth, (iii) deepening democracy, and (iv) regional integration and co-operation. The UK is providing technical co-operation for sector programmes in water, health, and trade issues (through DTI).

Past interventions were too numerous and should be streamlined. The focus had been mainly on supporting transformation in government; “there was a case for paying greater attention to the promotion of pro-poor growth”.

The section consists only of one rather short paragraph. Reference to the EU is made in a previous section, titled “scope for working with others”. No figures are given in this section.

UK Co-operation response: Focal sectors

Considering the overall donor activities, the UK wants to “prioritise those initiatives which will have the strongest strategic impact on policy and implementation, which will help promote a holistic response to poverty, and which will offer scope for strong partnership with South African counterparts”.

Identified desired outcomes are:

- (i) strengthening poverty analysis and strategy (on the international, provincial and local level, and with non-state actors),
- (ii) promoting growth, jobs and equality (restructuring public enterprises, enabling environment for business, “making markets work for the poor”, including finance, commodities, land and labour markets)
- (iii) strengthening democracy, governance and service delivery (public service reform on all levels; services in education (emphasis is here), health, water, sanitation, and social welfare; key institutions of democracy; improved safety, security and access to justice for the poor)
- (iv) tackling HIV/AIDS (strengthening policy capacity in government, civil society and the private sector).

Regional focal areas will be Eastern Cape and Limpopo Province, “both because of their high numbers of poor people, and because of the extent of DFID’s current investment there”. If there is more capacity, KwaZulu-Natal as the third poorest province and with high HIV/AIDS prevalence is the next in line. Co-operation shall increasingly be focused on local rather than provincial level.

The programme will amount to GBP 30m annually. The UK's share in EU programmes in South Africa will be at GBP 16m annually.

3.4 France

[The French CSP was only available as a summary of 5 pages; the original document has 17 pages. The content of the French CSP as reported here has to be taken with care; fragments might lead to false conclusions]

French CSPs are prepared under the direction of France's Ambassador to the respective country and are subsequently considered by the *Comité Interministériel de la Coopération internationale et du Développement* (CICID). The South African CSP is dated of June 2001 and is valid for three years.

The paper is strategic with a predominating understanding of "geo-strategy". The introduction indirectly questions the "African character" of SA and considers it to be a "vivid democracy and developed economy", but "also a developing country with considerable needs. And finally, it is by far, the first African power." The introduction sums up (and deplores) France's (secondary) position as investor and aid donor. There are important improvements to be made "economically, because our enterprises can benefit directly and indirectly from our aid". Poverty is not mentioned, neither are the MDGs.

French Objectives

Two main objectives of French cooperation with South Africa are named: (i) participating in the South African potential, and (ii) establishing a [positive] image of France.

Country Analysis: challenges

Cooperation with South Africa has to take into account several factors, such as the "dual character of the South African society". This will have to translate into partnership relations which consider the South African government's efforts to restructure SA's institutions, and the primary needs (*'besoins prioritaire'*) of the South African population. Interventions in the health sector, urban management, water, housing, transport and services in general may benefit from (*'tier parti de l'existence'*) 'centres of excellence' in science and technology. These centres can be assisted in adjusting their approaches to the conduct/implementation of development projects. Training of civil servants will also be needed for democracy to take roots and for the facilitation of economic growth.

The second factor is the regional dimension of development. Cooperation with SADC cannot ignore the regional powerhouse that is key to the region's finance, investment and health. Projects should assist in the regional synergy in the areas of Public Services [FSP] in resource management, environment, investment in infrastructure (transport, energy), rural development, and health (AIDS). The French strategy has to take into account the developing relations of South Africa to the rest of the continent beyond the linguistic barriers. Generally, French cooperation should offer the interface between Anglophone Southern and Eastern Africa and the francophone West Africa. The promotion of and training in French is therefore essential.

French cooperation: Focal areas

Four main axes of intervention are defined:

- (i) Modernisation and adaptation of the institutional framework (all government levels, justice and security)
- (ii) Training of civil servants and technicians plus R&T (university sector: exchange programmes, joint research; private sector: management and engineer training; agriculture: training of agricultural engineers, producer associations)

- (iii) Support to social and economic development (basic services: education, water, health, housing; transport; SME support and industrial investment)
- (iv) Promotion of French language and culture should be attached to the above mentioned.

The strategy defines goals in the mid-term (5 years) and in the long-term (10 years). In the mid-term, it is aimed at catching up inequalities of Apartheid times. In the long-term, a close partnership is envisaged (with civil servants who have knowledge about France and, possibly, in French). With regard to the visibility of intervention, the CSP states that the official discourse systematically favours the fight against poverty and deprived regions. Reality, however, is different: first concern is the creation of a black middle-class for future stabilisation. The strategy clearly aims at the future elite.

3.5 Belgium

The Belgian Country Strategy Paper was set up in July 2002. It has a very comprehensive introduction, touching on virtually all issues in the international debate. MDGs and PRSP processes are mentioned and Belgian CSPs are put into context. In all, 33 Belgian strategy papers exist, as there are CSPs and Sector Strategy Papers (like in the German case). The entire list of MDGs and the 48 targets is reproduced before the actual CSP.

Belgian objectives

Overall goals of Belgian development cooperation are poverty alleviation and sustainable development. Three objectives are given in the CSP: (i) poverty reduction via improvement of service delivery to the poor, economic democratisation, and support for civil society, (ii) cooperation with South African partners so as to play a role in the region's conflict management and democratisation, and (iii) transition to a democratic society.

Country analysis: Challenges

The "country description" gives a historical perspective on the human and economic costs of apartheid. It touches on the homeland policy and the destruction of a "culture of learning" (human costs), as well as on "disproportionate infrastructure" for white population and large-scale reliance on unskilled work (economic costs). Areas skewed by apartheid and thus due to reform are: the economy, the administration, the judiciary and police, education and health care.

A section within this analysis looks at the recent political evolution, mentioning *inter alia* the fight against corruption as part of good governance endeavours, President Mbeki's negatively judged HIV/AIDS policy and NEPAD. This is followed by a comprehensive description of the administrative system (including affirmative action legislation and administrative reform) and South Africa's regional role and importance (foreign policy, partly being "the voice of the poor", and NEPAD).

The fourth section in the country analysis deals with the "social and human situation" (approx. 3 pages), emphasising the inequality in SA. One page is titled: "Who are the poor and where do they live?", giving statistical material on ethnic groups and touching on rural poverty, gender, employment and crime. It concludes that poverty in SA is racially and geographically determined.

The economic section (roughly two pages) gives a general overview (re-stating the inequalities), touches on productivity, unemployment and the RDP and GEAR programmes. RDP has officially been ended in 1996, but the structure still exists to channel donor funds. One page is dedicated to "good governance", indicating the fight against corruption and the 3-years "rolling budget". Other issues touched on are the cross-cutting issues of HIV/AIDS, gender, and environment, all of which illustrated with statistical data.

Past interventions: Assessment

Before assessing the Belgian past interventions, the CSP comprehensively deals with the South African political environment for development cooperation, looked at by sector (approx. 8 pages). It is stated that Belgian assistance is in accordance with GoSA White Papers. Sectors looked at are health care, police and security, agriculture and rural development (agrarian reform), and civil society (donor support is more directed towards government now, which results in financing problems for NGOs).

Half of the section is dedicated to GoSA's response to donor engagement, looking also into donor coordination by the South African government departments and among donors. As the World Bank is not operating an important programme in SA, there is no PRSP. Donor funding is not used for core functions of the state and not budgetised, but additional to national funding. Aid represents only a small proportion of the general budget. The CSP lists 11 donors and their overall contribution between 1994 and 1999 (Belgium is by far the smallest – the EU contributes more than 40 times as much, while Denmark assistance amount to more than six times the Belgian aid).

Past interventions of Belgium in SA covered

- (i) democratisation of the South African police (€4.06m), touching on training, the fight against crime and on administrative issues
- (ii) grant for the national department of Health (€3.97m), touching on STD, vaccination programmes, Tbc and basic sanitation; and
- (iii) land restitution (€0.29m), mostly an information campaign.

Other activities cover student scholarships and cooperation with NGOs (direct aid to South African NGOs amounted to €6.29m; however, no period indicated). An additional €3.85m was spent since 1998 on Belgian NGOs' activities in South Africa. This particular section lists Belgian activities and amounts spent on them. No assessment of their success or impact is conducted.

This is followed by a section that looks at South African strategies for development and SA government action. It is touching rather on progress made on RDP and GEAR (without naming them). However, it is not quite clear how this differs from the section on the political environment for development cooperation. The areas listed are:

- (i) Eradication of poverty and amplifying the access to social services
- (ii) Educating the population
- (iii) Improve public health
- (iv) Fighting against crime and corruption
- (v) Reconstructing Africa

Belgian Cooperation Response: Focal Sectors

In accordance to the overall goal of Belgian development cooperation, assistance should be limited to five sectors and three cross-cutting issues. The five sectors are:

- (a) basic health care (including reproductive health)
- (b) training and education
- (c) agriculture and food security
- (d) basic infrastructure
- (e) consolidating the society

The three cross-cutting issues are: (i) re-equilibrating rights and gender equality, (ii) respect for the environment, and (iii) social economy.

Other than focal sectors, the CSP identifies the main channels of aid (government agencies, NGOs, multilateral aid, humanitarian assistance etc.). As justification for the Belgo-South African cooperation, the CSP names the poverty gap within the country, the recentness of democracy in South Africa, and South Africa's role as the regional economic motor.

Belgian assistance should focus on certain geographical areas, namely in rural provinces. However, the main partner shall be the central government. With regard to the sectors of intervention, Belgian assistance targets

- the health sector
in (i) long-term delivery of services in the combat against HIV/AIDS, (ii) creation of infrastructure and services, and (iii) exchange on expertise
- agrarian reform and economic development
via (i) assistance to small farmers, (ii) juridical assistance in obtaining property and provision of basic infrastructure, and (iii) assistance to the restitution of land to the poor in rural areas.
- (re)building the society, security, democratisation, and conflict prevention,
particularly addressing (i) capital and organised crime, (ii) fight against crimes against women and children, (iii) public order, (iv) improvement of services by police commissariats, (v) strategic interventions in the region; and
- horizontal issues
such as education and training, local government, basic infrastructure, gender equality, environment, and social economy.

In addition to these points, a strategy on the cooperation with NGOs is formulated (in a box of the length of about 1 page), cutting across the sectors identified above. The programme, however, does not give any figures on the attribution of funds to these areas of cooperation.

The paper finishes with a short look at coherence and complementarity of Belgian assistance. Five “overcrowded” areas of intervention are given (HIV/AIDS, agrarian reform, security, education, and South Africa’s regional role). For each, brief information on the specific added-value of Belgian aid and the cooperation with other donors in this area are given.

3.6 Germany

The German Country Strategy Paper (Länderkonzept) for South Africa dates to June 1999. It quotes Nelson Mandela on the front page and reminds us of the rare case of peaceful and democratic transition. No specific mention is made of the Millennium Development Goals, as the CSP predates the Millennium Declaration.

The paper is currently being revised. A new CSP is expected to be elaborated by autumn 2004.

German objectives

No specific German objectives are explicitly named. There is an indirect reference to the main goals of German development policy (poverty reduction and education). The CSP pre-dates the MDGs.

Support for the economic, social and political transformation is given as a “justification” for the German engagement. The limited range of manoeuvre for domestic changes justifies the external cooperation (“considerateness on diverse interest groups and inherent necessities prevent a fundamental change in budget allocations in the short-term”).

Country analysis: Challenges

The German CSP stresses the ‘extreme structural heterogeneity’; South Africa unites features of a western industrialised nation and of a developing country. The poverty profile reflects the heritage of Apartheid: poverty is extreme, structural, black and female. Statistical data is quoted from the HDI, Gini-Index, rural prevalence of poverty, and unemployment. “The central question for South African development efforts therefore is, how unemployment and mass poverty can or cannot be reduced by applying an approach which differentiates between target groups / regions / sectors.”

Acute core problems of South Africa are listed as “jobless growth”; lack of international competitiveness; unequal distribution of land as obstacle to rural growth; lack of physical infrastructure in rural areas and townships; severe environmental risks and damages; insufficient educational system and lack of skilled labour; particular insufficiencies of service provision in the public and rural health sector and the spread of HIV/AIDS; unbalanced

economic and financial structure at the expense of SME; deficiencies in capacity in the public administration; target conflict between growth and redistribution; and a high crime rate. All these points are illustrated with a short paragraph giving statistical background.

Having elaborated on the problem of South African development endeavours, the German CSP turns to the potential of SA with regard to its geographical, economic and social assets. The wealth in minerals is noted, and the tourism potential; less so agriculture, due to lack of water and only average quality of soil. The potential is particularly small in former homelands. Producing industries and services are rated as being a large potential for SA, from the point of view of both given assets and policy of the GoSA. The legal system is praised ('South Africa's constitution is among the most modern of the world') and a striving civil society offers good potential. Also important is the expected large increase in human resources and the good conditions of the tertiary education sector.

Consequently, the CSP considers the conditions by sector.

- Political framework:
notes the consolidation of democracy and the rule of law, but also the dominance of the ANC. Administrative problems in the provinces are reported, which have a negative impact on the transparency and predictability of state action. In the region, SA is an anchor of stability.
- Economic framework:
GEAR is examined. The expected growth rate of 5-6% and the creation of 400.000 jobs annually could not be obtained. Growth has considerably slowed down in 1997 and 1998; GAER is politically "not undisputed". Reasons for the downwards trend are the much too low saving and investment rates, technological deficits due to previous sanctions, and too low productivity. Investors complain about the high crime rate, currency controls, widespread willingness to strike and relatively high wages, combined with low productivity and regressing quality of the administration.
- Ecological framework:
Economic growth, industrialisation and urbanisation, as well as population growth and poverty have put a heavy burden on the environment. Severe problems are to be observed in the former homelands. South African environmental policy has been concentrated in the area of game conservation reserves and is now re-directed.
- Socio-cultural framework:
Socio-cultural conditions are very complex and carry a heavy historical burden. Ethnic conflicts and traditional rules have an important impact on public life; however, ethnic conflicts play less of a role than previously. Women are usually marginalised, but are key players in social and economic development of families. Affirmative action is desirable for reasons of equality, but has a negative impact on the quality of administration and the level of corruption. Also mentioned is the work of the Truth and Reconciliation Commission.
- External framework:
External conditions are "hard, but positive". The policy of import substitution (motivated by sanctions) is shifted towards liberalisation of trade and integration into the world market. Uncompetitive industries suffer, but on the other hand, new markets were opened in Africa, Asia, Latin America and Eastern Europe. The trade balance is positive only with Africa and relatively balanced with Latin America. High trade deficits prevail with regard to Europe, also due to modernisation of the economy. As of the regional cooperation, South Africa is not taking over the role necessary to foster regional integration within SADC. External debts are moderate; worrying are rather internal debts of the administration.

Past interventions: Assessment

The pressure for reform has considerably increased in South Africa. German development aid aims at assisting the South African government in developmentally sensible reforms. International assistance is relatively small (1-2% of the annual budget), but quite considerable in absolute terms. The importance of other donors and the relative position of German aid is assessed in a first paragraph. In 1997, a 'bi-national commission' was created; a similar institutional arrangement exists only with the USA.

Assistance in education and training has been provided since 1975. Before 1992, assistance was given through NGOs and the German Political Foundations. Financial and technical cooperation since 1993 each amount to DM 316.6m (€ 161.9m), both directed by the RDP of South Africa's government. Five focal areas have been agreed upon:

- (i) Education and training
- (ii) Promotion of the private sector, in particular small enterprises
- (iii) Low-cost housing construction and development of infrastructure
- (iv) Rural development and resource management
- (v) Consultancy for government and administration, in particular on the provincial level.

Regionally most important are: Eastern Cape, Mpumalanga, Northern Province and KwaZulu-Natal. Activities also take place in Gauteng, Western Cape and the Free State (i.e. throughout SA).

German engagement should aim at supporting the SA government in the following areas: (i) growth and employment, (ii) justice in distribution (equity), (iii) human resources, (iv) transfer of technology, (v) infrastructure, (vi) effective governance and (vii) sustainable use of resources. Target groups should be the unemployed, women, and the youth.

South Africa is also focal country for a number of other German foundations, 'parastatels' (DED, CIM, CDG, DSE) and NGOs. The private sector founded an organisation ('SAFRI') to promote market opportunities for middle sized German enterprises.

The projects are overall "positively evaluated". No financial share is indicated. Financial cooperation focuses (iii). Projects with NGOs are judged as generally not yet sustainable and should in the future favour consultancy over financial support. Consultancy on the national level was excellent, but had deficiencies on the regional level, due to lack of capacity on the SA side. The major problem for the South Africans is 'delivery' of their programmes. The emphasis should therefore be on the 'output' rather than the 'input'. The results of the South African programme RDP are judged as 'humbling', "not surprisingly so with regard to the complexity of implementation".

German Cooperation Response: Focal Sectors

The focal points for German cooperation have been established in a series of workshop in 1998. Strategic field of intervention should be (i) government-delivery and capacity building, (ii) qualification, education, training, (iii) SMME and science/technology, (iv) basic needs, (v) community development, (vi) sustainable resource management.

The German development cooperation with South Africa is to be newly positioned. The project range should be more oriented towards the GoSA programme.

In the mid-term, German cooperation should focus on support for

1. local development (with the goal: social, economic and sustainable development)
2. public administration and decentralisation (on all three levels of administration)
3. education (in particular: training and basic education)
4. employment and economic activities, in particular with regard to SME.

These focal areas can justify activities in their own right, but can also be cross-cutting. Other cross-cutting issues are gender, capacity building, resource management and transfer of technology. Areas 1 and 4 are particularly important for financial cooperation. Each of the four areas should receive about a quarter of the means. All four of them are presented in more detailed analysis of the problems and challenges in these particular sectors (about 1 page each), discussing the use of either technical or financial assistance and possible links to other German cooperation (foundations, the Länder, 'parastatals'...).

Environmental and resource protection will become more important in the long-term development, but is no focal areas for the mid-term. Health should not be a focal area of German cooperation, as a number of other donors are active in this sector.

On coordination, the CSP suggests a distribution of negotiation protocols through the EU. Coordination of German donors is regarded as good; country offices of several agencies (GTZ, DED and DEG) helped in this respect. "The South African partners, however, have difficulties in perceiving German assistance - given the structures of cooperation – as one".

3.7 Ireland

Irish Cooperation had an aid plan with South Africa 1997 to 1999, with which it was trying to concentrate on "a smaller number of bigger projects".

The revised paper is for the period of 2001 to 2003. The Country Strategy Planning was undertaken jointly with National Treasury. Planning and reviewing took place from 4 to 11 December 2000 and was conducted by the Pretoria Office of Ireland Aid and Dublin HQ staff (the paper gives a list of people involved). The preliminary findings were presented to the GoSA on 12 December 2000.

No reference is made to the MDGs.

Irish objectives

The overall objective is: "To support the Government of the Republic of South Africa in the implementation of its policies aimed at achieving poverty reduction and human development."

"[This strategy] is consistent with the principles of poverty alleviation, gender, partnership and sustainability, which guide Ireland Aid's development aid objectives".

Country analysis: Challenges

The CSP starts with a general section on ODA to South Africa, summing up the GoSA Development Cooperation Report and the RDP and GEAR goals. The Medium Term Expenditure Framework is another reference document; it does not include an explicit poverty elimination framework or strategy. The CSP criticises the "lack of government guidance in this area". The share of government support is 75%. Main areas of donor activities have been education (22%), government & civil society (18%), social infrastructure and services (13%), water and sanitation (11%), business and other services (10%), and health (6%). Donors thus "fall in line" with GoSA priorities, only 7% of aid was directly to provinces. Demographics are given, citing the census of 1996 and making projections on the population 'by race'. The focus is on HIV/AIDS, health statistics and illiteracy.

The summary of the political situation (1.3 pages) identifies major challenges in the area of traditional rural communities, land distribution, capacity and policy delivery. Criticism of the government prevails in the areas of job creation, education, crime reduction, HIV/AIDS, and corruption.

The analysis of the social and economic context covers roughly 3 pages. While SA is classified as a MIC due to its GDP per capita, "this average figure does not capture the true picture". The strong income inequalities – and thus the high Gini coefficient and the poor GDP/HDI index – are stressed.

The HDI is also regarded by province. Reference is made to the RDP and GEAR. Some economic growth, however, has not created jobs. Saving rates, particularly among the poor black population, are "practically non-existent". Unemployment is stressed as one of the major problems and illustrated by statistics of the SA October household survey of 1999. Formal employment is decreasing, while the informal sector is expanding. The Medium Term Budget Policy Statement states that the ultimate goal of economic policy is poverty reduction and human development. "Unfortunately, measures to achieve this ambitious goal remain to be

fleshed out". The debt burden could be reduced and the budget deficit is projected to decline from 2.6% to 2.1% (2001-2004). The SA government is now "in a position to substantially increase public expenditure". Planned areas of further expenditure are: (i) the juridical system, (ii) social services at provincial and local level, (iii) education and training, (iv) R1.5bn are directly aimed at relieving poverty, (v) investment in infrastructure. Payroll costs will be controlled and shall not exceed inflation.

Some cross-cutting areas are analysed in detail (overall 6 pages). Analysis is quite evenly split between the following areas:

- (i) Poverty
- (ii) HIV/AIDS
- (iii) Gender
- (iv) Environment and
- (v) Capacity building.

Poverty is looked at by gender, race and province. Northern Province, Eastern Cape and Mpumalanga have the highest poverty rates. Poverty is also occurring among the labour force – there is no legal minimum wage (some 26% earning less than R500 a month). HIV/AIDS is expected to wipe out gains made in the HDI through policy initiatives. The economic costs of HIV/AIDS are illustrated in detail. With regard to gender, large legal improvements are reported, but their practical value is relativised. Environmental damage is estimated have a negative impact on the GDP of 6% annually (source: Development Bank). The GoSA Department of Environment and Tourism has seen the second largest budget increase (17.8% between 98/99 and 00/01). With regard to skills, there is a capacity and quality question. Government institutions ignored traditional knowledge and had 'destroyed the culture of learning'. Delivery and implementation remain difficult due to a capacity gap.

Past interventions: Assessment

To date, Ireland's interventions aimed at (i) support for the development and implementation of Government policies, (ii) facilitation of equitable access to essential services, (iii) participation of the people in the development of SA, and (iv) support for capacity building at all levels.

Aid has been targeted at four sectors: (i) education and training, (ii) health, (iii), human rights and democratisation, and (iv) rural and community development.

Irish intervention in the education sector covered assistance to curriculum reform (particularly in the Northern Province), a bursary support programme, assistance to the Water and Sanitation Training Institute and support to restructure the Industrial training board. Support for the health sector was mainly targeted at primary health care in the Free State Province. It also addressed the development of a policy for HIV/AIDS – with limited success. Support for Human Rights and democracy flows to advice desks in Durban, Pretoria and Johannesburg and the Centre for the Study of Violence and Reconciliation. Sector support is considered in this area, following the example of Dutch SWAps. Rural and Community development have also been concentrated in the Free State Province; further support is not envisaged for a University/training project. Aid is also given to the National Land Committee and the Department of Land Affairs.

Ireland Cooperation Response: Focal Sectors

The future programme shall concentrate on specific aspects of the South African programme. Support shall increase over three years. The programme shall continue to support the process of transition and 'maintain a strong poverty focus'. It will assist in redressing imbalances of the past Apartheid regime, support decentralisation, and target pilot interventions. Financial support will be channelled through the RDP. The original paper provides for an exit from SA in 2004. This will be revised in 2003.

Four focal areas are indicated:

- (i) Education and Training (ca. 40% in 2001, 25% in 2002, 20% in 2003)
- (ii) Health / HIV / AIDS (ca. 25% in 2001, 20% in 2002, 20% in 2003)

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- (iii) Water and Sanitation (ca. 07% in 2001, 25% in 2002, 30% in 2003)
- (iv) Good Governance, Democracy and Human Rights.
(ca. 20% in 2001, 25% in 2002, 30% in 2003)

(remaining % are admin costs and ending programmes, only rough estimates)

Particular emphasis is laid on mainstreaming HIV/AIDS. Activities in all sectors will engage closely with the SA government departments. NGO contacts shall be strengthened.

Educational cooperation will continue to focus on the Northern Province. Some planning is quite detailed on particular programmes (details down to IEP£40,000). The CSP gives an indicative budget for Irish aid.