DFID Department for International Development

Evaluation Report

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DFID's Southern Africa country programme 2004-2009

Paul Thornton, Chris Albertyn, Talitha Bertelsmann-Scott, Charlotte Vaillant and Chris Vickery

OVERVIEW OF COUNTRY PROGRAMME EVALUATIONS (CPE)

DFID has a rolling programme of Country Programme Evaluations (CPEs) with four or five evaluations published per year. A Synthesis Report pulling together common themes and findings from a series of studies is also produced annually CPEs are challenging evaluations attempting to provide an overview of the entire DFID programme over a 5 year time frame and evaluate whether DFID made appropriate strategic choices in the given context and delivered effectively. CPEs are ideally undertaken every three to five years in the lead up to the formulation of new country or business plans, as they are designed to meet DFID's needs for lessons that can inform future strategy and programming, as well as accountability for funds spent at country level. CPEs are intended for a wide audience including DFID's country office staff and partners, senior DFID managers in the relevant regional divisions and members of the public/other stakeholders.

Each CPE is managed by DFID's Evaluation Department and carried out by 4-6 independent consultants with a mixture of evaluation and development skills. The terms of reference for the CPE programme include a generic evaluation framework closely linked to standard evaluation criteria, and customised for each individual evaluation For CPEs, interpretation the standard evaluation criteria is as follows:

Relevance and coherence – CPEs should provide high quality, well evidenced material and judgements on whether 'DFID did the right things'.

Effectiveness and coverage – CPEs should examine key interventions and partnerships and identify and explain successes and failures.

Efficiency and coordination – CPEs should tell a narrative around the allocation of resources (financial and staffing) to deliver the results DFID was hoping to achieve, and to what extent did DFID harmonise and align to other in-country initiatives.

Impact – CPEs cannot produce new information on impacts attributable to DFID, but should consider DFID's contribution to long term outcomes and what results did the programme achieve.

Sustainability – CPEs should discuss evidence on progress towards sustainability in terms of ownership of reforms, capacity development and resilience to risks.

Typically CPEs comprise a one week scoping mission to the country to make contacts, scope the boundaries of the evaluation, customise the generic evaluation matrix and make decisions around issues such as field visits. Evaluation Department is responsible for providing each evaluation team with a large documentary evidence base comprising strategies, project/programme information and context material sourced from a thorough search of paper and electronic files, DFID's intranet system and the internet. During the fieldwork, usually up to three weeks, the evaluation team focus primarily on structured interview with current and past DFID staff and their key development partners in-country.

The views expressed in CPE reports are those of the independent authors.The country office can comment on these in a 'management response' within the Evaluation report. CPE reports are quality assured by an independent consultant who has no other involvement in the CPE programme.

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

Evaluation Report 711

Southern Africa Programme Evaluation 2004-2009

Paul Thornton (Team Leader), Chris Albertyn, Talitha Bertelsmann-Scott, Charlotte Vaillant and Chris Vickery

April 2010

Preface

This evaluation of DFID's programme in Southern Africa is one of a series of regular Country Programme Evaluations (CPEs) commissioned by DFID's Evaluation Department (EvD). The studies are intended to assess relevance, effectiveness, efficiency, impact and sustainability, performance, contribute to lesson learning and inform the development of future country office strategy, and recommend strategic and systems improvements for DFID corporately. CPEs are an important element of DFID's corporate accountability framework and enable wider lessons across the organisation to be identified and shared.

The evaluation was carried out by a team of independent UK and national consultants, from the ITAD Ltd consortium, led by Paul Thornton. The evaluation focused on DFID's programme during the period 2004-2009 and was managed by Lynne Henderson, Iain Murray, Mark Herbert and Kate Alexander of EvD. The evaluation field work was carried out between August to October 2009 and included interviews and group discussion in Pretoria, Johannesburg, Durban, and Cape Town. Reflecting the Regional role, the evaluation team also visited Gaborone, Botswana (to Southern Africa Development Community headquarters), Mozambique and Zambia.

In accordance with EvD policy, considerable emphasis was placed on involving the country office staff (who produced a briefing note identifying its priorities for the evaluation) and their partners during the process and on communicating findings. This included the Government of South Africa's International Development Cooperation Unit arranging a briefing workshop with key Departments with experience of working with DFID. Workshops were also held with a group of regional civil society representatives and with BHC counterparts of DFIDSA covering trade, peace and security, climate change and regional partnerships.

The period under this evaluation for DFIDSA (2004-2009) saw a dramatic transformation - from a large, traditional, bilateral, programme to a more focused, dynamic, regional approach – and they have established a new basis for engagement in Southern Africa. Overall, the report provides a helpful reflection of DFIDSA's impact and performance that will inform thinking for their current planning cycle. Particularly useful are the recommendations around: making bilateral and regional links more explicit; understanding better the political/institutional dynamics in the region to formulate regional plans; developing a tighter results framework; being more critical about the use of consultants and project implementation units for programmes; strengthening their advisory capacity and the time devoted for analysis; and getting the staff skills mix right across DFIDSA.

EvD would like to acknowledge the contribution made by the evaluation team itself, as well as DFID staff and development partners.

Nick York
Head of Evaluation Department

Acknowledgements

This evaluation was undertaken by an independent team from the ITAD Ltd consortium. The team was led by Paul Thornton and consisted of Chris Albertyn, Talitha Bertelsmann-Scott, Charlotte Vaillant and Chris Vickery.

The DFID Southern Africa team in Pretoria provided excellent support and advice throughout the evaluation and their cooperation and practical assistance ensured an effective process. In particular, thanks are due to Lelanie Swart and Joanna McDonald, who provided extensive documentation and advice including support with interviews.

Research assistance at ITAD was provided by David Fleming and Corrie Bell, quality assurance by Hilary Thornton and proof reading by Louise Daniel. The evaluation was managed by Lynne Henderson, Iain Murray and Mark Herbert, from DFID's Evaluation Department, who provided support throughout the process.

The team would like to thank all those respondents interviewed during the evaluation, for giving freely their time and sharing their experiences and opinions openly and candidly.

However, other than the management response, full responsibility for the text of this report rests with the authors. In common with all evaluation reports commissioned by DFID's Evaluation Department, the views contained in this report do not necessarily represent those of DFID or any of the individuals or agencies consulted.

Front Cover Photo: *Lazarus and his friend Muthokozisi work on the vegetable patch at the children's shelter in Musina, South Africa. Wherever they've come from, all the boys ath the shelter are expected to pitch in, helping with gardening, cooking and other day-to-day chores.*

Credit: Dylan Thomas/Department for International Development

Executive Summary

Introduction

S1 The Southern Africa Programme Evaluation (SAPE) is a five year retrospective evaluation of the UK's Department for International Development (DFID) programme in Southern Africa from 2004 to 2009, with a focus on the period since 2006. The evaluation focused on the emerging regional approach. The purpose was to assess: the relevance of DFID's strategies to the national, regional and global role of South Africa, the Southern Africa region and DFID's own corporate objectives; the choices of aid interventions and their effectiveness; DFID's added value as a development partner; and the impact of the DFID programme on poverty.

Context – the Southern Africa Region

S2 The Southern Africa region is one of the poorest and faces considerable inequalities between and within national boundaries. HIV/AIDS is the most significant health-related problem that aggravates the social and economic difficulties. The political and social context hampers economic development including the efforts at economic integration. Peace and security and issues of governance present additional challenges across the region.

S3 Since 1994, South Africa has become more significant politically and economically within the region. Whilst the scale of its presence is something of a mixed blessing, raising both expectations and apprehension amongst its neighbours, its dominance is potentially a force for good. Nevertheless whilst the region looks to South Africa, South Africa's economy is increasingly linked to global markets and relationships. Thus in political terms the Southern Africa Region provides both meaning and the future common focus; whilst economically South Africa has broadened its focus and is now operating on the continental and world stage.

S4 Paradoxically, whilst South Africa looks outside the region for its economic future, in terms of poverty, it remains typical of the region. Fifteen years since its first democratic elections and South Africa has yet to shake off its inheritance of inequality aggravated by HIV/AIDS, continued underachievement in education for the majority, and weak governance, evidenced by deteriorating public services and declining public confidence.

S5 Within South Africa there is an increased level of political contestation and evidence of growing dissatisfaction among significant constituencies. Divisions have emerged in the African National Congress (ANC) alliance and there is growing pressure on local government to deliver services and on central government to speed the transformation. Poverty, inequality, poor education, ineffective service delivery at the local level and the continued impact of the HIV/AIDS epidemic present challenges to the government at a crucial stage in the post apartheid era.

S6 Across the continent the post-9/11 ascendance of the peace and security agenda for Africa and the renewed push on the Pan Africa Agenda sees South Africa playing a key role, including that of development actor through tripartite cooperation.

S7 Southern Africa, defined by the boundaries of the Southern Africa Development Community (SADC), forms a well defined and coherent geo-political region that is nevertheless defined and dominated by South Africa. The ambivalence this generates within the region slows progress, yet integration is becoming increasingly important as the focus for the regional agenda. This provides an appropriate framework for DFID's Southern Africa engagement. However, whilst the region is an appropriate focus, South Africa faces development challenges that can still benefit from appropriate bi-lateral support, based on partnerships that respond to its specific context and engage with South Africa as a national, regional, continental and global actor.

Development Strategy

S8 From 1994 to 2004 DFID provided significant assistance to the new South African government, supporting the transformation process. Support from other bilateral donors also grew. This traditional portfolio became less relevant to a middle income country (MIC) facing the particular challenges of South Africa. From 1998, DFID took more of a regional perspective and the 2006 Regional Plan adopted a comprehensive regional approach. This was seen as relevant to the Southern Africa region and an appropriate way to support South Africa's engagement regionally, across Africa and globally.

S9 The strategy was innovative and demanding. It built on the analysis of the Commission for Africa and the commitments of the 2005 G8 Summit. The Regional Plan was responsive to the policy direction set by the three UK White Papers on International Development and to the policy of DFID towards MICs.

S10 However, DFID did not effectively differentiate between the Southern Africa regional programme and the South Africa bilateral programme. Whilst they generally (and correctly) saw engagement with South Africa through a regional lens, the regional plan neither promoted the continued role of the bilateral programme nor set a clear implementation strategy for ensuring the regional linkages and synergies. Furthermore, the assumptions with respect to growth in the region and South Africa's mutual engagement with its neighbours over-emphasised the regional dimension.

S11 The Regional Plan did not present a strategy for working with DFID offices in the region. Without such engagement and commitment it is difficult to see how the Southern Africa Regional Plan was able to be truly regional in nature, assuring synergies and complementarities with the respective Country Plans and also with Africa Division's approach to the continent and its institutions. Only in 2008, with the transfer of the directorship of DFID Southern Africa (DFIDSA) from Southern and Western Africa to the Africa Regional Department (ARD), the appointment of a new head of office, and the Mid Term Review (MTR) of the Regional Plan, did a more integrated view of the regional approach emerge.

The DFIDSA Portfolio

S12 A large proportion of the programme pre-dates the Regional Plan with projects that had been designed to address other strategic aims. Much of the resilient livelihoods portfolio, in particular, was diverse and covered a wide range of sectors. This situation was exacerbated with a virtual hiatus in project approval in the 2006-2008 period. As a result the first generation of Regional Plan delivery activities are only just coming on stream.

S13 However, many of the programmes made positive contributions, often at country and/or multi-country level. This ran counter to the regional thrust of the plan and contributed to the push and pull of competing (though potentially complementary) strategic debates within DFIDSA over how, who, what, with whom and where best to intervene in addressing poverty at a regional level. Thus whilst there were some excellent examples of good practice they did not effectively deliver synergies at theme or programme wide levels and the programme became disconnected at output level, both vertically and horizontally.

Development Results

S14 Performance against the thirteen output targets in the Regional Plan does not appear to be very good. However, this is mainly due to inappropriate outputs that did not relate to DFIDSA's actual focus of engagement and indicators that were not amenable to measurement. In practice the results have been more positive.

S15 Under the Growth Theme, significant impact in trade and support for regional level growth has been achieved, together with a reduction in transport costs and an opening up of the region for trade. Within South Africa, employment opportunities and the employment promotion policy have seen significant attributable results. Financial markets have also been effectively supported by DFIDSA.

S16 Under the Resilient Livelihoods Theme, regional and national AIDS policy and services have made a significant contribution. The health outputs were all focused on regional level impact across malaria, TB and AIDS. Institutional support in the water and food security sectors has yet to yield measureable results. Institutional development, in relation to social policy (Strengthening Analytical Capacity for Evidence-Based Decision-Making (SACED)) in South Africa and civil society engagement (Southern Africa Trust (SAT)) regionally were major results not covered in the Regional Plan.

S17 Peace and Security was effectively dropped as a theme, given the inappropriate expectation that the Africa Conflict Prevention Pool (ACPP) would deliver against the Regional Plan. Governance and human security is the one area where the Regional Plan misjudged the scope for DFIDSA engagement, which could have been more substantial.

S18 The Regional Plan lacked a monitoring framework and little was done to address this gap or review overall performance until the MTR in 2008. This was a comprehensive exercise that informed the subsequent development of a Results Framework (2009) and fed into the preparation of the next regional plan. While the Results Framework has too much detail for a working tool, the groundwork has been done and an appropriate model and management reporting system is in place.

Development Processes

S19 The period under evaluation saw a turbulent and traumatic transformation of this major programme. The change process was relatively well planned but the complexity and long term impact of the changes was not anticipated or addressed. Whilst a lot was achieved, a traditional approach to project management continued which has limited opportunities for a deeper strategic appreciation of context and the full realisation of the new regional approach.

S20 The programme has been well aligned to national and regional needs and policies but partner ownership has not been cultivated and the reliance on consultants, special purpose delivery mechanisms and DFID programme management has weakened mutual accountability.

S21 MICs and regional institutions need less focus on investment and project support and more direct attention and space for policy engagement. Here the approach to influencing and policy engagement was often confused and under developed. A new paradigm for engagement is required that focuses on levels of intervention not just the degree of regional integration.

S22 Ownership and alignment are multi-dimensional in a regional context and need to be addressed at both national and regional levels – with government, civil society and donor partners. Building and sustaining this complex network of relationships is essential to build a platform for effective intervention and change but requires time, resources and skills.

Main Findings

S23 For DFIDSA, the period under evaluation (2004-2009) saw a dramatic transformation from a large, traditional, bilateral, programme to a more focused, dynamic, regional approach. The strategy in the 2006 Regional Plan set the vision and direction for these changes and a clearly articulated foundation for future development. The plan was bold and ambitious but the original three years was not long enough for full implementation. The extension to a full five years and the reflective process that began with the MTR in 2008 have seen a growing refinement of the strategy that has begun to address some of the weaknesses identified in this evaluation.

S24 The plan focused on Pan-African ideals rather than the regional realities and presented a false dichotomy between regional and bilateral engagement. This created tensions that have yet to be resolved and limited efforts to connect the regional to the national agendas. Strong on vision, the plan was not worked through below output level and lacked realistic targets that related to the portfolio being delivered. This weakened results based management and the attention to policy engagement and reinforced some more traditional aspects of project management.

S25 Over the last eighteen months a second phase of change has begun with a reflective internal review of the plan followed by the development of a Results Framework that provided the basis for a new dialogue about direction and ways of working. This evaluation coincides with the preparation of the next Regional Plan, a further stage in the process that can address the challenges of completing the transformation.

S26 The strategy over emphasised the regional dimension in order to drive the change. The unintended consequence was to present a division between national level engagement and regional integration, rather than building synergies. In the process, multi-country working was undervalued rather than seen as an opportunity to extend experience and work towards regional change.

S27 The growing pressure for impact and attribution is at odds with the complex processes of regional change and the principles of ownership and alignment. South Africa, as a MIC with low levels of development aid and its own agenda of political emancipation, is naturally resistant to development partners claiming responsibility for change. A relationship based on partnership and mutual accountability centred on policy dialogue is more appropriate here. This requires deeper and quieter engagement, long-term processes and more open discourse.

S28 The concept of taking a regional approach to Southern Africa was radical and innovative. Its delivery has yet to rise to that level in a joined-up way across the programme. There are significant examples of good practice but raising the bar to the next level of engagement is essential to realise the vision of the new approach.

Lessons Learnt

- DFIDSA has achieved a significant transformation and established a new basis for engagement in Southern Africa. There is more to be done, including more effective participation for the other bilateral programmes in the region, so that the collective DFID resource in Southern Africa works together with a substantial shift in the ways of working and engaging so that policy change and regional approaches are emphasised.

- The Regional Plan over-emphasised regional integration as it was understood at the time. It also tended to take a narrowly regional view of the regional approach to the detriment of national and multi-country engagement. Experience has shown that a complementary approach that draws on strengths at different levels can be more effective.

- Regional impact can be achieved through a mix of interventions at different levels without weakening the integrity of the concept of regional approach.

- The regional approach is an holistic process that can include economic, social and political dimensions. The next phase of regional planning needs to complement the focus on regional trade and economic integration with an understanding and approach to region-wide social policy and poverty engagement.

- Multi-country activity means more than replicating the same activity in two or more places. It requires linked practice at country level, together with cross-country and regional 'institutional' connections, to ensure synergies are achieved.

- There is a strong case for continuing to work with South Africa bilaterally since, although it is a MIC, there are significant governance and equity challenges and there are historic and contemporary relationships with the UK that have continued mutual relevance.

- Working with South Africa in the region is complex and requires deep analysis and nuanced engagement at political levels in South Africa and within the region.

- Working with South Africa across the continent and globally requires a shared analysis and common approach involving DFID in the UK, DFIDSA and DFID's other country programmes in the region together with partners in South Africa itself.

- Working with an emerging economy requires more intensive, quality interaction with key interlocutors to build and maintain presence, trust and a platform for policy dialogue that can replace more traditional project investment approaches. This has implications for adviser numbers, workload, skills and experience. It could be further supported with flexible financial resources to gain more traction with partners.

- Working in Southern Africa requires DFID to be joined up across the region, and with a shared analysis of the region. The next regional plan needs to be owned by all country offices in Southern Africa as well as by the ARD and the Africa Directors.

Recommendations

S29 There are a number of suggestions within the report particularly in the findings and conclusions and lessons chapters which the evaluation team would encourage DFIDSA to consider. Specific recommendations for action are:

For DFID Southern Africa

S30 There is a clear rationale for a continuing focused bilateral programme in South Africa as part of the regional approach. DFIDSA should develop a clearer implementation strategy for engaging regionally and with South Africa, with strongly linked but differentiated approaches.

S31 DFIDSA should develop a stronger culture of learning in order to build on its successes and identify new entry points and appropriate ways of working that strengthen building synergies across the programme and region.

S32 DFIDSA should deepen analysis across the programme with dedicated resources (financial and staffing) to support monitoring (building on the experience with the current Results Framework and Gender Equality Action Plan (GEAP)), learning and information exchange including the commissioning of:

i. A study on the dynamics supporting growth, trade and investment patterns in the region.

ii. A deeper political and institutional analysis across the region to inform the process of policy engagement.

S33 DFIDSA should give priority to deepening the relationship with SADC, with a formal presence in Gaborone. This would strengthen liaison with SADC across all areas of DFID support and co-ordinate with other development partners based in Gaborone or working with SADC.

S34 DFIDSA should review the organisation of each theme portfolio, linking related interventions at different levels of engagement and building on the synergies between regional and national engagement.

S35 DFIDSA should undertake a review of its organisation and staffing, including adviser numbers, workload, skills and experience linked to the preparation of the next regional plan and the particular demands of a regional approach. The evaluation would recommend:

i. increasing the number of senior advisers by 1-2,

ii. a rebalancing of the range of skills and expertise,

iii. the development of a plan to increase skills in team working, political analysis and policy engagement across the office, and;

iv. identifying leadership roles for engagement with South Africa and at the regional level.

For DFID across Southern Africa

S36 Heads of Office across Southern Africa should co-operate in improving communications and building a common regional platform across DFID in Southern Africa with a dedicated lead person in each office and regular heads of office information exchange meetings.

S37 Heads of Office across Southern Africa should all sign off on the Southern Africa Regional Plan with a commitment to sharing resources and developing a common set of priorities for work across the region.

For Africa Division

S38 Africa Division Directors should give a stronger coordinated lead on regional approaches confirming DFIDSA's leadership role with respect to Southern Africa and encouraging cross country and region wide working, supported by more joint planning and shared resources.

For the Management Board

S39 The experience in Southern Africa has shown that taking a regional approach is an ambitious, yet highly relevant model in situations where regional identity and the political and economic context are conducive. Other opportunities should be identified to develop the approach further.

S40 The strategic span of the Southern Africa programme was broad and the challenges of engaging with South Africa bilaterally, regionally and globally as well as working regionally are considerable. DFID should ensure that when a regional approach is being taken, areas of engagement are clearly defined with appropriate targets; there is a monitoring framework related to the plan; and resources, especially staffing, reflect the aspirations of the approach.

S41 The timeframe for change and engagement for regional approaches is significantly greater than for individual country based approaches. Plans, resource envelopes and senior staff appointments should all reflect this and be adjusted accordingly.

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Abbreviations

ACCORD	African Centre for the Constructive Resolution of Disputes
ACPP	Africa Conflict Prevention Pool
ALAFA	Apparel Lesotho Alliance to Fight AIDS
ANC	African National Congress
APR	Annual Progress Review
ARD	Africa Regional Department
ARPM	African Peer Review Mechanism
ARV	Antiretroviral
ASGI-SA	Accelerated and Shared Growth Initiative for South Africa
AU	African Union
BCC	Behaviour Change Communication
BHC	British High Commission
BRIC	Brazil, Russia, India and China
CAP	Country Assistance Plan
CARI	Children and AIDS Regional Initiative
CfA	Commission for Africa
CIDA	Canadian International Development Agency
CMA	Common Monetary Area
CMTP	Consolidation of the Municipal Transformation
COMESA	Common Market for Eastern and Southern Africa
COSATU	Congress of South African Trade Unions
CP	Country Plan
CPE	Country Programme Evaluation
CSP	Country Strategy Paper
CSCF	Civil Society Challenge Fund
DAC	Development Assistance Committee

DBSA	Development Bank of South Africa
DFID	Department for International Development
DFIDSA	DFID Southern Africa
DNA	Development Network Africa
DP	Development Partner
DPRU	Development Policy Research Unit
DRC	Democratic Republic of Congo
DTI	Department of Trade and Industry
EAC	East African Community
EC	European Commission
EvD	Evaluation Department
EPA	Economic Partnership Agreement
EPP	Employment Promotion Programme
EU	European Union
FCO	Foreign and Commonwealth Office
FLS	Front Line States
FRA	Fiduciary Risk Assessment
GDP	Gross Domestic Product
GEAP	Gender Equality Action Plan
GoL	Government of Lesotho
GoSA	Government of South Africa
GTI	DFID, Growth, Trade, Investment
GTZ	Gesellschaft für Technische Zusammenarbeit
HDI	Human Development Index
IACDI	Independent Advisory Committee on Development Impact
ICP	International Cooperating Partners
IDC	International Development Cooperation Unit
ISSB	International Standard Setting Bodies

MDG	Millennium Development Goal
MIC	Middle Income Country
MMW4P	Making Markets Work Better for the Poor
MoH	Ministry of Health
MTR	Mid-Term Review
NAMA	Non Agriculture Market Access
NEPAD	New Partnership for Africa's Development
OAU	Organisation of African Unity
OECD	Organisation for Economic Co-operation and Development
OVC	Orphans and Vulnerable Children
PE	Programme Evaluation
PEFA	Public Expenditure and Accountability
PFM	Public Finance Management
PiP	Project Improvement Plan
PLWHA	People living with HIV/AIDS
PM	Project Memorandum
PMTCT	Preventing Mother-to-Child Transmission
PPA	Programme Partnership Arrangement
PSA	Public Service Agreements
QMR	Quarterly Monitoring Reports
REC	Regional Economic Community
RHVP	Regional Hunger and Vulnerability Programme
RISDP	Regional Indicative Strategic Development Plan
RL	Resilience Livelihoods
RP	Regional Plan
RPE	Regional Programme Evaluation
RRHF	Rapid Response Health Fund
RSP	Regional Standards Programme

RTFP	Regional Trade Facilitation Programme
SA	South Africa
SACED	Strengthening Analytical Capacity for Evidence-Based Decision-Making
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCC	Southern African Development Coordination Conference
SAIC	Staff Appointed In-Country
SAIDA	South African International Development Agency
SAIIA	South African Institute of International Affairs
SAPE	Southern Africa Programme Evaluation
SARPAM	Southern Africa Regional Programme on Access to Medicines and Diagnosis
SAT	Southern Africa Trust
SIPO	Strategic Indicative Plan for the Organ
SMART	Specific, Measurable, Achievable, Realistic, Time-bound
SOE	State Owned Enterprise
SSAGS	Support to South Africa's Shared Growth Strategy
TA	Technical Assistance
TBWRMP	Trans-Boundary Water Resource Management Programme
TDCA	Trade Development and Co-operation Agreement
ToRs	Terms of Reference
TIFI	Trade, Industry, Finance and Investment
TIPS	Trade and Industrial Policy Secretariat
UNAIDS	Joint United Nations Programme on HIV/AIDS
UCT	University of Cape Town
WB	World Bank
WTO	World Trade Organisation

1. Introduction and Methods

Introduction

1.1 The Southern Africa Programme Evaluation (SAPE) examines the performance of the United Kingdom's (UK) development assistance to Southern Africa provided by the Department for International Development (DFID) through the programme based in Pretoria. Since 2002 the programme has developed from a South Africa focus with related smaller bilateral programmes[1] to one taking a strong regional approach to Southern Africa[2]. The SAPE is a five year retrospective evaluation (2004-2009) of the whole programme with an emphasis on the period covered by the 2006 Southern Africa Regional Plan[3] and its implementation.

1.2 DFID's performance management system is supported by periodic independent evaluations at project, programme, sector and thematic level. The primary audience for these evaluations is the UK government and DFID senior managers including Heads of Offices. The purpose of this evaluation was to assess the relevance of DFID's regional strategic approach to Southern Africa and its support for the national, regional and global role of South Africa, complementary to its other country programmes in the region; DFID's own corporate objectives; the choices of aid interventions and their effectiveness; DFID's added value as a development partner; and the impact of its programme on poverty.

1.3 The SAPE is one of the 2009-2010 series of independent programme evaluations commissioned by the Evaluation Department (EvD) of DFID. This series initially comprised three evaluations, Southern Africa, China and the first repeat evaluation of Mozambique. This latter evaluation was undertaken at the same time as the SAPE and the two teams worked together to ensure coverage of the synergies between the two programmes.

Approach

1.4 Responding to issues raised by the recent review of programme evaluations[4] and the Independent Advisory Committee on Development Impact (IACDI)[5] in its Quality Review[6] and the principles at the centre of DFID's new Evaluation Policy[7], the 2009/10 round of Country and Regional Programme Evaluations (C/RPEs) has aimed to take a more programme-focused approach with a greater emphasis on learning and, where possible, an emphasis on joint ownership. The

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[1] Botswana, Lesotho, Namibia and Swaziland at the time of the 2002 South Africa Strategy Paper (DFID, 2002).

[2] Here in common with others including DFID and the African Union we take the Southern Africa Development Community (SADC) membership as defining the geo-political boundary of the Southern Africa region whereas the UN limits its definition of the sub-region to the five countries of the South African Customs Union.

[3] DFID (2006a) *Southern Africa Regional Plan*, London: DFID.

[4] Amos, P. and Bovaird, T. (2008) *Methodological Review of DFID's Country Programme Evaluations,* DFID Working Paper.

[5] http://iacdi.independent.gov.uk.

[6] Riddell, R. (2009) *The Quality of DFID's Evaluation Reports and Assurance Systems,* IACDI September 2009

[7] DFID (2009a) *Building the Evidence to Reduce Poverty, The UK's policy on evaluation for international development Department for International Development* DFID): London.

methodology has been modified to reduce the broad coverage of past programme evaluations and to explore fewer but more relevant evaluation questions of stronger interest to the office and programme being evaluated.

1.5 Thus, whilst the evaluations continue to focus on the results and effectiveness of the programme concerned, based on the evaluation criteria developed by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) which were formally adopted by DFID in its recent Evaluation Policy[8]. These criteria – relevance, effectiveness, efficiency, impact, sustainability, coherence, coverage and coordination – have been grouped more concisely to form a compact evaluation matrix (Table 1).

Table 1. Evaluation Matrix

Evaluation Criteria	Major Questions
Context	
Regional context, with focus on political economy and general aid, other donor and DFID contexts	
Development Strategy	
Relevance	Did DFID undertake the correct analyses and make the right choices in making its regional strategy? (here we will look at the 2006 Regional Plan specifically but also the strategies covering the period 2004-2006)
Coherence	What other policies and programmes influenced DFID's programmes and how well did DFID respond?
Development Results	
Effectiveness	How well did DFID implement its strategy? What results (outcomes and impacts) did the programme achieve?
Coverage and Impact	What higher level results did DFID's programmes achieve and how were these differentiated across target and excluded groups?
Sustainability	To what extent are the benefits derived from DFID's programme likely to endure?
Attribution	To what extent can results be attributed to DFID's agency?
Development Processes	
Efficiency	How efficiently did DFID transform its resources into development results? How cost-efficient was DFID and did it provide Value for Money?
Coordination	To what extent did DFID harmonise and align its programme with other in-country/regional initiatives? To what extent did DFID achieve Paris and Accra commitments in country? How good a development partner was DFID?

Methodology

1.6 The evaluation began with a one week Scoping Mission[9] during which meetings were held with DFID staff, the British High Commission (BHC), Government of South Africa (GoSA), the Southern Africa Trust (SAT) as the entry point to civil society at regional level and the European

[8] DFID (2009a). *Building the Evidence to Reduce Poverty, The UK's policy on evaluation for international development Department for International Development* DFID): London.

[9] *DFID Southern Africa Programme Evaluation 2009 Scoping Mission Note,* August 12th 2009.

Commission. This ensured that there was full engagement from the GoSA and enabled the SAPE to link with the Mid Term Review (MTR) of the European Union (EU) Country Strategy Paper (CSP). In addition, arrangements were made to coordinate with the Country Programme Evaluation (CPE) in Mozambique and to engage with the three Regional Economic Communities (RECs) – the Southern Africa Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC).

1.7 Prior to the Scoping Mission, the DFID office in Pretoria produced a briefing note identifying its priorities for the evaluation. These included, informing the forthcoming Regional Plan, complementing the EU CSP MTR and addressing the lessons from DFID's engagement with South Africa at country, regional and global level. This paper and the discussions during the Scoping Week identified the main focus of the evaluation and the key evaluation questions.

1.8 The focus of the evaluation would be around three sets of issues:

- DFID's engagement with South Africa bilaterally, within the region and in terms of its international agency.
- Southern Africa as a region and the role of external assistance with respect to economic and political development and the impact on poverty and poor people.
- The engagement of donors with state, regional and civil society institutions and the selection and application of modalities and mechanisms for that engagement.

The key evaluation questions, distilled during the Scoping Week discussions and confirmed in the Scoping Note (see Box 1), formed the basis of the final SAPE evaluation matrix (Annex 1). Each team member developed more detailed questions related to their respective areas of inquiry based on these evaluation questions. However, the focus of the evaluation was on the higher order questions with the team sharing and building on emerging lessons and findings during the course of the process.

1.9 The evaluation team comprised five consultants, two from South Africa with expertise in livelihoods and regional trade respectively, an economist and a health specialist together with the team leader. The team worked in the region intermittently over a six week period from 23rd August to 1st October 2009. This enabled individual interviews and group discussions in Pretoria, Johannesburg, Durban and Cape Town. In addition team members visited Gaborone, Botswana (to SADC headquarters), Lusaka, Zambia and Maputo, Mozambique where key informant interviews were held.

1.10 The GoSA International Development Cooperation Unit (IDC) arranged a briefing workshop with key Departments with experience of working with DFID. Workshops were also held with a group of regional civil society representatives and with BHC counterparts of DFIDSA covering trade, peace and security, climate change and regional relationships.

1.11 Overall a substantial number of semi-structured interviews (face to face and phone) with serving and ex-DFID South Africa (DFIDSA) staff; the Africa Regional Department (ARD), Trade Policy Unit (TPU) and senior DFID managers in London; The GoSA, SADC, COMESA, EAC, development partners, implementing agencies, civil society and independent key contacts were held (Annex 2 gives a full list of the individuals and groups with whom the team interacted).

1.12 In addition, the team carried out a full document review of all strategy, programme, project and internal materials and independent secondary sources. Data from all sources, respondent interviews, discussions and the document review was triangulated to assure the validity of findings.

1.13 Whilst no primary research was undertaken, the comprehensive collation of quantitative and qualitative data from written, interview and discussion sources enabled relatively robust conclusions to be made which were then shared with DFIDSA staff. Emerging lessons were further triangulated through team review and discussion. This methodology ensured that the review of strategy, programme performance and the emerging lessons and findings in relation to the evaluation questions was as reliable and well evidenced as possible.

Report Structure

1.14 The remaining chapters of this report present the findings of the SAPE. **Chapter 2** sets the political, institutional, economic and development context of Southern Africa, including, specifically, the place of South Africa regionally, across the continent and internationally. **Chapter 3** focuses on the development strategy issues of relevance and coherence. It evaluates the emerging regional focus and the regional approach taken by the 2006 Southern Africa Regional Plan. The chapter focuses, in particular, on the strategic understanding of growth and its place in the Regional Plan and addresses the evaluation questions related to development strategy. **Chapter 4** gives an overview of the programme that preceded the Regional Plan and discusses how it developed under the new strategy. **Chapter 5** gives the evaluation's assessment of development results based on the output targets in the Regional Plan. It reviews the assessment made in the Mid Term Review of the Regional Plan and assesses the more recent results framework, before reviewing the related evaluation questions. **Chapter 6** evaluates the development processes, exploring aspects of efficiency and coordination in the development and delivery of the Regional Plan. **Chapter 7** brings together the findings and lessons of the evaluation. Finally **Chapter 8** presents the evaluations' recommendations.

1.15 Working notes on Lesotho and Mozambique are at Annex 3 and 4 respectively. Annex 5 provides detailed development indicators for South Africa to support the context given in Chapter 2 and Annex 6 gives a full listing of staff working on the programme throughout the evaluation period.

Box 1 Southern Africa Programme Evaluation Questions

Development Strategy – Relevance and Coherence

Was the conceptualisation of 'region' and the proposed engagement with regional institutions relevant and coherent?
Has the understanding of 'region' changed and what is its relevance now?

Was the regional approach adopted by DFIDSA relevant given the policy linkages to the Commission for Africa and G8 commitments?

Was the strategy and programme approach with South Africa relevant and coherent?

What analysis is required to develop engagement with South Africa bilaterally and as a key player within the region?

Did DFIDSA analyse the linkages between bilateral, regional and global engagement correctly? Were the subsequent choices in making its regional strategy the right ones?

What was the strategy for addressing poverty through regional responses?

And looking forward:

What analysis is required to develop a more appropriate strategy for the next phase of DFID engagement with Southern Africa?

What would be a relevant strategy for engaging bilaterally, with South Africa, South Africa in the region and in response to South Africa's international role?

Development Results – Effectiveness, Coverage and Impact, Sustainability and Attribution

How well has DFID engaged with institutional reform and regional institutional development?

What was the effectiveness and impact in the selected areas for engagement and national and regional level?

What were the synergies achieved between national and regional engagement?

Why has the growth and trade theme become so advanced at regional level?

What has been the impact on poverty and poor people?

How effective have the various aid instruments and modalities been? Which work best where?

Can results at regional level be attributed to DFID's agency? What has been learnt that can inform an M&E framework for a regional programme? How can the Paris principle of managing for development results be realised when engaging at regional level?

Development Process – Efficiency and Coordination

How was accountability to partners and to civil society at regional level achieved?

How were choices made and what were the relative benefits of direct (adviser engagement) and indirect (consultant, managing agent engagement) processes?

How has DFIDSA's management of transitions (between heads of office, advisers and DFID policy priorities) affected the programme?

What has been learnt about alignment and harmonisation, at the regional level?

How can ownership and mutual accountability be addressed when responding regionally?

2. The Southern Africa Context

Introduction

2.1 This Chapter gives an overview of the political, institutional, economic, social and development context of Southern Africa taking the SADC as defining the geo-political boundary of the region. The common membership of other economic communities, notably COMESA and the EAC, clearly influence the wider political economy of sub-Saharan Africa which is therefore reviewed here prior to more detailed discussion in relation to DFID's regional plan in later chapters. Given South Africa's place economically and politically, its national, regional and global roles are key foci of the discussion. Together this sets the context for the subsequent assessment of the strategic relationship between DFID's bilateral and regional programmes and their implementation.

The Southern Africa Region - SADC

2.2 SADC was formed in 1980 as a loose alliance of nine majority-ruled States in Southern Africa[10] originally known as the Southern African Development Coordination Conference (SADCC). SADCC's main aim was to coordinate development projects in order to lessen economic dependence on the then-apartheid South Africa[11]. The transformation of the organisation from a Coordinating Conference into a Development Community took place in 1992 giving the organisation a legal character as an economic and political regional body. SADC has its headquarters in Gaborone, Botswana.

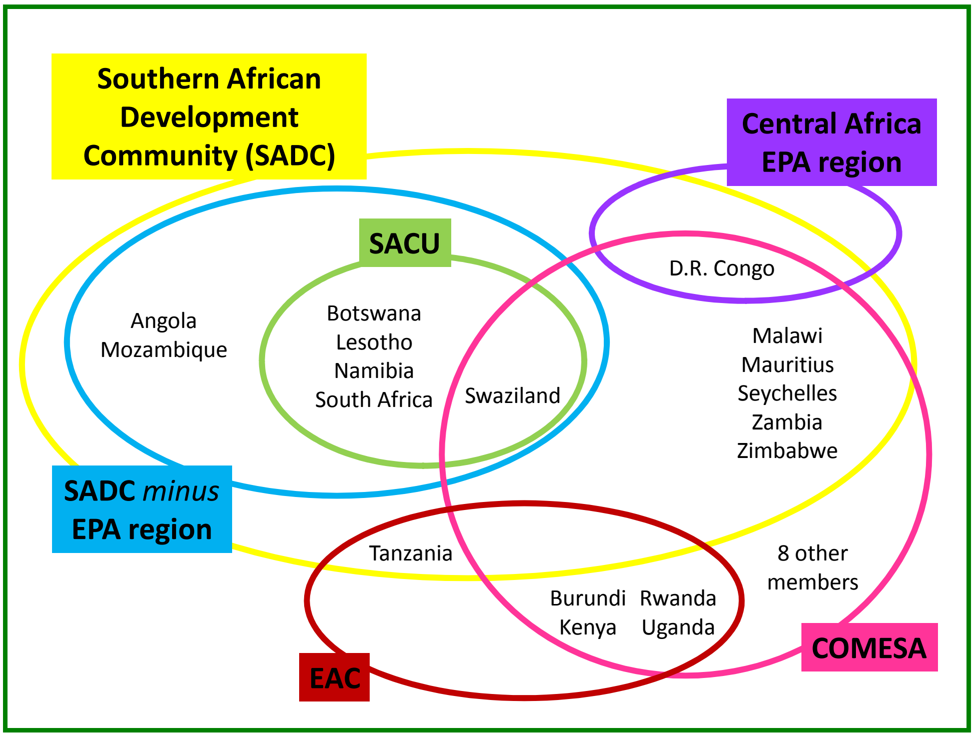
2.3 These political origins have led to ambiguities between the member countries. The location of the headquarters and the allocation of responsibilities reflect the continuing struggle to balance interests and identities. In addition there are ambivalent attitudes to the emerging dominance of South Africa within the region.

2.4 SADC is significant, both economically and politically, in defining the Southern African region and providing a unity and common purpose not evident elsewhere. SADC and Southern Africa's overall history is linked inextricably with that of South Africa. Whilst there is significant overlapping membership with other Regional Economic Communities (RECs), as shown in Figure 1, SADC is the only one with such a strong political and social agenda creating a deeper compact amongst its members.

[10] The founding Member States were: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

[11] The 15 current Member States are: Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

Figure 1. Membership of Regional Economic Communities



The Region's Political Identity

2.5 The majority of SADC countries are relatively stable and peaceful. The eastern part of the Democratic Republic of Congo (DRC), Zimbabwe and, in more recent years, Lesotho and Madagascar, represent the main political and security challenges in the region. General elections were held in all 15 member countries over 2004-2009 (Table 2). Some were contested in their outcome (Lesotho and Zimbabwe); others were the first to be held in many years (DRC, Angola).

Table 2. Election timeline in SADC, 2004-2009

Election years	Countries
2004	Botswana, Mozambique, Namibia
2005	Mauritius, Tanzania
2006	DRC, Seychelles
2007	Lesotho, Madagascar, Seychelles
2008	Angola, Zimbabwe, Zambia, Swaziland
2009	South Africa, Malawi

Source: BBC Timelines

2.6 Although bilateral relationships are good overall, there are competing and colluding interests in the region, in particular with regard to the Zimbabwe crisis. Regional dynamics today are a reflection of history, from colonial inheritance (Portuguese, British and Belgian) through the apartheid years[12] to the regional alliances that shaped civil wars in Angola, DRC and Mozambique.

2.7 The Strategic Indicative Plan for the Organ (SIPO), launched in 2004, encapsulates SADC's political agenda. SIPO aims to 'create a peaceful and stable political and security environment through which the region will endeavour to realise its socio-economic objectives'. SADC member countries have signed a Protocol on Politics, Defence and Security Cooperation and a Mutual Defence Pact. SADC's main instruments include election monitoring and, since 2007, a peacekeeping brigade.

Economic Situation

2.8 There are wide economic disparities amongst SADC countries. Table 3 provides a summary of demographics and economic data for three - South Africa, Lesotho and Mozambique[13] in 2008 and Table 4 compares Gross Domestic Product (GDP) growth over the last five years.

Table 3. Population and GDP

	Lesotho	Mozambique	South Africa
Population (million)	2.0	21.8	48.8
GDP (US$m)	1,323	14, 456	259,452
GDP per capita (PPP)	1,266	677	8,282
GDP growth (%)	3.9	6.5	3.1
GDP Agriculture (% total GDP)	7.1%	28.4%	3.2%
GDP Industry (% total GDP)	34.6%	26.1%	31.9%
GDP Manufacturing (% total GDP)	18.1%	15.0%	18.4%
GDP Services (% total GDP)	58.3%	45.5%	64.9%

Source: African Development Bank, World Bank

Table 4. Real GDP Growth

	2005	2006	2007	2008	2009*	average 5-year
South Africa	4.2	5	5.1	3.1	-2.1	3.0%
Lesotho	4.5	0.7	5.1	3.9	-2	2.4%
Mozambique	1.1	8.4	7	6.5	4.5	5.5%

Source: AfDB, IMF
* 2009 figures are IMF projections

[12] The Front Line States (FLS) - Angola, Botswana, Lesotho, Mozambique, Tanzania, Zambia, Zimbabwe – allied to achieve black majority rule in South Africa and were key to forming SADCC the precursor to SADC.

[13] These three countries give a spread in terms of size, economic strength, poverty etc. In addition the Lesotho is managed by the DFID office in Pretoria and Mozambique was subject to a CPE at the same time as this evaluation.

2.9 There are marked differences amongst these three economies. Lesotho is a small, landlocked country, surrounded by South Africa. Diamonds, water and manufacturing are the country's main sources of export earnings. The country is vulnerable to drought and is a net food importer. South Africa remains Lesotho's main trading partner.

2.10 Agriculture in Mozambique accounts for almost a third of GDP as well as providing a livelihood for the majority of its population. Because of the impact of the civil war, Mozambicans remain poor by regional standards. Access to seaports and mineral resources have given this country great potential for future economic growth, with capital-intensive investment and exports of aluminium fuelling economic growth in recent years.

Poverty in Southern Africa

2.11 Despite being relatively well endowed in natural resources, SADC is one of the poorest regions in the world[14]. An estimated 50% of people in Sub-Saharan Africa live below the revised international poverty line (US$1.25, World Bank) and over 70% live below US$2 a day.

2.12 Table 5 shows the performance of SADC member countries (excluding the Seychelles) against the Millennium Development Goals (MDGs). The data demonstrates '*that more than half of the fourteen SADC member countries have already met or are on track to meet the targets for gender parity in education (9) and skilled birth attendance (10), whilst five countries have met or are on track to meet targets on primary school enrolment and access to improved drinking water. Access to improved sanitation has the most countries severely off-track (11), followed by under 5 mortality, maternal mortality and access to improved drinking water (7 countries severely off track). There is insufficient data in 5 countries to assess progress against malnutrition prevalence*'.

Table 5. MDGs in Southern Africa
Number of Southern African countries having each traffic light[15]

	Met/On-Track	Off-Track	Severely Off-Track	Insufficient data
Malnutrition prevalence	4	2	3	5
Primary school enrolment	5	1	6	2
Primary school enrolment ratio of girls to boys	9	0	4	1
Under 5 mortality	3	4	7	
Skilled birth attendance	10	2	2	
Maternal mortality	2	5	7	
Proportion of 15-49 year olds living with HIV	4	7	3	
Access to improved drinking water	5	2	7	
Access to improved sanitation	1	2	11	

Source: DFID Southern Africa, Regional Review Poverty Analysis (draft), October 2008

[14] DFID Southern Africa (2008a), Regional Review Poverty Analysis, Draft for consultation, Ailie Clarkson, Sam Yates, October 2008.

[15] This assessment is against the global MDGs, as opposed to countries' national targets. It is primarily based on USD data. Traffic lights represent whether current progress is sufficient to meet the MDG target and is not the same as looking at long term progress or the current level.

2.13 HIV/AIDS prevalence rates in Southern Africa are the highest in the world and only a few SADC countries are on track to meet their MDG target, to have halted by 2015 and begun to reverse, the spread of HIV/AIDS. According to the Joint UN Programme for HIV/AIDS (UNAIDS), over a third of the world's population living with HIV are in Southern Africa and 38% of AIDS deaths in 2007 occurred in the region. The rate of prevalence exceeded 15% in eight southern African countries (Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe) and in Lesotho and parts of Mozambique, HIV prevalence among pregnant women is increasing. Average life expectancy at birth is estimated to have declined to levels last seen in the 1950s. In some high-prevalence countries, such as Lesotho, the population is declining.

2.14 Despite being recently classified as a lower-middle income country, Lesotho remains desperately poor. Lesotho has an adult (15-49 years old) HIV/AIDS prevalence rates of 23.2%, the third highest in the world. More than 50% of the population lives below the internationally recognised poverty line and around 30% are considered ultra poor. The 2009 UNDP Human Development Index (HDI) rates Lesotho's human development as medium, but the country's score has declined over the years. Periodic droughts mean that the population often faces acute food shortage.

2.15 In Mozambique, nearly 40% of Mozambicans live on less than US$1 a day. Post-conflict poverty reduced significantly both in rural and urban areas from 69.4% in 1997, to 54.1% in 2003. Despite these positive and encouraging trends, Mozambique still faces significant challenges in reducing poverty. HIV/AIDS pose an enormous threat to development and the (HDI) ranks Mozambique 172 out of 182 countries for 2007.

2.16 Gender inequalities are a significant aspect of poverty throughout the region. Aside from primary enrolment, the main gender-related MDGs (under 5 and maternal mortality) are amongst those of most concern. However, beyond these two MDGs the high burden of HIV/AIDS in the region, in particular in the region's hyper-endemic countries, highlights the importance of care burdens for women (and children) and the role that governments may play in supporting communities. Further, in relation to climate change, there is a significant potential impact on women given their central role in water collection and agriculture[16]. DFIDSA's draft regional poverty analysis in 2008 identified the need to understand better gender inequalities (and gender differentials in development outcomes) across the region in order to identify the implications for the programme.

Regional Linkages

2.17 Many SADC countries are highly dependent on each other for access to so-called regional public goods, including road transportation, water and electricity. Landlocked countries like Lesotho are relying on good transport corridors for their imports and exports. The Lesotho Highlands Water Project, which supplies water to South Africa and the Southern African Power Pool are two good examples of regional linkages, although potential elsewhere remain untapped. SADC countries also face common trans-border problems, such as HIV/AIDs and food security and the impact of climate change[17].

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[16] DFID (2008a). *Regional Review Poverty Analysis, Draft for consultation*. Ailie Clarkson and Sam Yates, DFID Southern Africa October 2008.

[17] South Africa is Africa's biggest polluter and relies heavily on coal power stations to generate electricity.

2.18 Altogether, the 2006 SADC Regional Indicative Strategic Development Plan (RISDP) identified 12 areas of policy intervention, including food security, science and technology and HIV/AIDS[18]. The mix of common approaches to social policy and economic integration presents particular challenges and progress has been slow on all fronts. As will be explored in Chapter 3 and 5, development partner support has contributed in some areas but a common integrated approach to the major issues of poverty and social cohesion remains elusive.

2.19 More recently the main focus of SADC activities has been on economic integration and regional trade, with SADC officially launching the free trade area in 2008, as part of its plans to establish a custom union in 2010, a common market in 2015 and monetary union in 2016; together with the wider links with the tripartite relationship with COMESA and EAC. The issues of regional growth and trade are explored in more detail in Chapter 3, paragraphs 3.29-24 and 3.34-39 respectively.

South Africa

Political Situation

2.20 In 1990, after decades of internal protests, activism and insurgency, combined with external pressure and sanctions, the South African government began negotiations that led to dismantling the legal framework of the apartheid regime, paving the way to democratic elections in 1994. Since 1994, South African politics have been dominated by the ANC, which has been the dominant party, with 60-70% of the vote. The fourth general election, held in April 2009, saw a split in the ANC vote with its share falling below 66% (the level required to change the constitution) for the first time.

2.21 The political transformation was relatively smooth and South Africa's economy remained stable and has subsequently continued to grow, aside from a recent period of recession related to the global credit crunch. However South Africa, in effect, has a two-tiered economy and inequality has remained a feature, leading to growing disillusionment at the speed of change. In addition to the inherited inequity and concerns over governance, South Africa has suffered major impact from the HIV/AIDS epidemic, from a loss of skilled labour through migration and from low levels of educational achievement. Thus, South Africa, the largest economy in Africa and ranked above India, Brazil and China in terms of GDP per capita[19] ranks as a middle income country (MIC), whereas it is one of the most unequal economies with a Gini Coefficient of 0.66 and 48.6% of the population living below a poverty line of 462 Rand[20].

2.22 Thabo Mbeki's shaky second term in office characterised the political situation in South Africa over the evaluation period. The ANC faced internal divisions as corruption charges were raised against the then deputy president, Jacob Zuma and dissatisfaction amongst the rank-and file-members over Mbeki's authoritarian style grew. Mbeki was forced to step down as ANC party chief in 2008. Zuma was elected president following the general elections in April 2009.

[18] Southern Africa Development Community (2006). *Regional Indicative Strategic Development Plan* SADC: Botswana. pp 55-73.

[19] US$9569.878, current prices and PPPs, 2007, OECD 2007.

[20] Budget Speech 2009/10, Minister of Finance, Trevor A Manuel, 11 February 2009, National Treasury Government of South Africa.

2.23 Rising crime, corruption and racial and class division, coupled with energy shortages and high rates of unemployment, are some of the main challenges facing the country. Social unrest reached a climax in 2007, when hundreds of thousands of public sector workers took part in the biggest strike since the end of apartheid.[21] Xenophobic violence flared up in South Africa in May 2008, which led to 62 people being killed, 670 wounded and more than 150,000 displaced.[22]

Economic Situation

2.24 South Africa remains Africa's largest economy. Its GDP totalled US$259 billion in 2008, equivalent to 25.4% of GDP in sub-Saharan Africa and 54% of the GDP in SADC. In 2003 South Africa's GDP accounted for roughly 60% of SADC's, suggesting that other economies are growing faster (Angola for example).[23] While accounting for roughly 7% of GDP, mining remains South Africa's largest source of export earnings as well as an important primary product for manufacturing. The share of services, in particular transport, communication and financial services has increased as a percentage of GDP, whereas the share of manufacturing has remained roughly unchanged over the last two decades. Despite significant public infrastructure investment, investment has overall been sluggish and slowed down growth.[24]

2.25 In 2008, the OECD Economic Assessment of South Africa identified stronger competition and labour market reforms as two priority areas. Despite strong economic performance, South Africa has experienced 'jobless growth' for most of the past decade. As a result, the rate of unemployment in South Africa is high, officially at 25%. In addition, South Africa's economic performance is still vulnerable to fluctuations on the global markets, as shown with GDP growth turning negative in 2009. The government's Accelerated and Shared Growth Initiative for South Africa (ASGI-SA), launched in 2006, aims to increase growth rates to at least 6% a year and halve unemployment and poverty by 2014.

Poverty in South Africa

2.26 South Africa is a middle-income country with the highest levels of inequality in the world: According to the joint EU CSP 'almost 50% of the black population is reported to live below national poverty line, against 2% for the white'. Economic inequality and closing the gap between the formal economy and the informal economy remains one of the biggest challenges to the MDGs. Unemployment stands officially at 25% and unofficially at around 40%; unemployment amongst disaffected youth, combined with a feeling of being socially excluded, contributes to rising crime rates. In addition, high levels of social inequality, left behind by the apartheid legacy, still exist in access to education, health and other basic services. South Africa is also blighted by some of the lowest literacy and numeracy rates in Africa, low skills, poor service delivery, inequitable land distribution, as well as racial, gender and spatial inequality. The inequality often masks the poverty and gender disparities which are manifest as noted in the regional analysis (paragraphs 2.12-2.17 above).

[21] BBC timeline.

[22] International Office of Migration, 2008.

[23] DFID (2007a) *DFID and South Africa: Working Together in Africa*. Internal DFIDSA Paper February 2007.

[24] Eyraud, L. (2009) *Why Isn't South Africa Growing Faster? A Comparative Approach*. IMF Working Paper WP/09/25 International Monetary Fund Africa Department.

South Africa's Role in the Region and Globally

2.27 During the apartheid years South Africa was distanced from its neighbours politically and to a lesser degree, economically. South Africa is a key player in SADC, yet 'there are regional dynamics and certain sensitivities that prevent the country from assuming such a leadership role in the region'.[25] The region is highly unequal and South Africa is perceived by neighbouring countries as wanting to dominate. However, South Africa has played a key role in conflict resolution within the SADC region. The African Union, UN and SADC endorsed South African President Thabo Mbeki as the mediator in Zimbabwe's crisis in 2007-2008. Mbeki also mediated in the conflict in Madagascar in his capacity as SADC chairman in 2008-2009.

2.28 South Africa has become more active across the continent. As noted in one of the background papers for the 2006 Regional Plan, 'South Africa is a key driver within the African Union (AU), promoting growth and development through the AU New Partnership for Africa's Development (NEPAD), supporting the AU's peace-keeping role on the continent and a good governance agenda through the African Peer Review Mechanism (ARPM)'.

2.29 As well as being the largest trading partner in the region (see above), South Africa is a major investor in the region. In Mozambique, South Africa investments (Mozal smelter and Eskom, Africa SOL pipeline) have been unusually large. South Africa's medium-sized investments exist in the agro-business, railways, finance, telecommunications, utilities and breweries. Whereas South African companies bring in skills to the region through various services – such as engineering, construction and IT – there are also 'concerns that SA business expansion in the region does not benefit the host countries, because SA companies are sourcing input supplies from SA rather than from local / country suppliers'.

2.30 Finally, 'there is a long history of regional labour migration to South Africa, which continues to act as a magnet for migrants of many kinds'.[26] Migration is an important regional dynamic, with socio-economic consequences.

2.31 As the largest economy on the continent, South Africa has a key role to play in the international arena. A World Trade Organisation (WTO) member since 1995, South Africa is part of the trilateral India, Brazil and South Africa Group alliance, which was formed in 2003 to support South-South dialogue and cooperation. South Africa is also a member of G8+5 Group formed out of the 2005 G8 Summit. It is a member of the G-20, which seeks to promote international financial stability; G-77 which promotes South-South cooperation on international economic issues; the Cairns Group, an alliance of 19 agricultural exporter nations promoting the liberalisation of global agricultural trade – South Africa became the first African member thus strengthening the continent's voice on global agricultural reform; and the Non Agriculture Market Access 11 Group of developing countries.

2.32 A strategic assessment of the challenges facing South Africa[27] concludes:

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[25] DFIDSA *South Africa's international role and its implications for the Country Strategy Paper,* March 2006.

[26] SA's international role and its implications for CSPs.

[27] Chatham House, Private Report, May 2008.

> 'The UK and others view South Africa as the leading state in Africa and a 'pillar' of its African policy. Their high expectations of South Africa have become a source of tension with South Africa, which has its own interests and ambitions, as well as domestic problems and capacity constraints'.

Summary

2.33 The region is one of the poorest in Africa and faces considerable inequalities between and within national boundaries. HIV/AIDS is the most significant health related problem that aggravates the social and economic difficulties. The political and social context hampers economic development including the efforts at economic integration. Peace and security present additional challenges with the continued tensions in Zimbabwe in particular.

2.34 Southern Africa's current political identity and institutional relationships are heavily informed by the colonial and apartheid history. Emerging as a cohesive political and economic region, SADC provides an identity and viable institutional framework, though it faces inherited and contemporary challenges.

2.35 Since 1994 South Africa has become more significant politically and economically within the region. Whilst the scale of its presence is something of a mixed blessing, raising both expectations and apprehension amongst its neighbours, its dominance is potentially a force for good. Nevertheless whilst the region looks to South Africa, South Africa's economy is increasingly linked to global markets and relationships. Thus in political terms the Southern Africa region – SADC – provides both meaning and the future common focus; however, economically, South Africa has broadened its focus and is now operating on the continental and world stage.

2.36 Paradoxically, whilst South Africa looks outside the region for its economic future, in terms of poverty, it remains typical of the region. Fifteen years since the democratic elections and it has yet to shake off its inheritance of inequality aggravated by HIV/AIDS, continued underachievement in education for the majority and weak governance, evidenced by deteriorating public services and declining public confidence.

Box 2 The Southern Africa Context and South Africa's place within it

Southern Africa is a region:

with a strong sense of identity and coherence, yet significant issues of peace, security and governance with national and cross border implications.

facing substantial social and economic challenges of poverty, inequality, HIV/AIDS and economic development.

defined and dominated by South Africa whose role has become even more significant since 1994. The ambivalence this generates within the region slows progress yet integration is becoming increasingly important (for example see the Regional Indicative Strategic Development Plan (RISDP) as the focus for the regional agenda.

South Africa

is a MIC though it faces poverty, inequality, poor education and the continued impact of the HIV/AIDS epidemic that present challenges at a crucial stage in the post apartheid era.

is experiencing increased levels of political contestation and evidence of growing dissatisfaction among significant constituencies.

since 1994 has sought to take its place internationally as one of the emerging economies as well as beginning to address other global issues including climate change.

Across Africa The post 9/11 ascendance of peace and security agenda for Africa and the renewed push on the Pan Africa Agenda sees South Africa playing a key role, including its role as a development actor through tripartite cooperation.

3. DFID's Southern Africa Strategy

Introduction

3.1 This chapter reviews DFID's development strategy with respect to Southern Africa. UK development support up to 2004 is summarised, followed by a description of the transition from a large programme supporting the first decade of transformation to a programme with a regional focus. The emergence of an innovative regional approach is reviewed. The articulation of this approach in the 2006 Regional Plan is evaluated together with strategic aspects of its implementation. South Africa's role as a bilateral partner and as a partner in regional and continent wide engagement is reviewed.

3.2 Growth was identified by the Commission for Africa (CfA) as the significant area for development; it has prominence in the Regional Plan and the programme that has emerged. We review the rationale for growth at the regional level as a strategic entry point, exploring some of the challenges and assumptions. Finally, the chapter addresses the relevance of the strategy to DFID corporate policy and the linkages with other DFID programmes in the region.

Strategic Development

3.3 Prior to the election of the new South African Government in 1994, UK development assistance had been limited to grant aid to civil society organisations delivered through the BHC. Following the establishment of democratic government, UK assistance grew rapidly alongside other international support. The new government inherited the political and economic structures of apartheid, designed to protect the interests of the minority and restrict access by the black majority to property, economic opportunity and public services. Its policies aimed to reduce poverty through sound economic management, public and private investment to generate economic growth, better public services for all and redistribution to redress the legacy of inequality. The UK's support for the process of transformation comprised a diverse programme dominated by technical assistance (TA).

3.4 By 1997 the newly established DFID was delivering a programme of £23m worth of project based interventions across a wide range of sectors. It responded to South African requests for help in policy formulation and for building a public service to deliver development in governance, health, education, water and sanitation, enterprise development and rural development. The programme was administered by a large DFID South Africa (DFIDSA) team based in Pretoria.

3.5 The 1998 Country Strategy Paper (CSP)[28] envisaged a programme of £30m per year with the focus shifting to address poverty more directly in line with the recently published White Paper.[29] Even in 1998 the CSP identified the regional dimension to support for South Africa through learning and shared interests with economic links and common approaches to HIV/AIDS.[30] The CSP also acknowledged that South Africa was a middle income country with a realistic prospect of achieving the international development targets and moving beyond the requirement for development assistance. It therefore proposed a review of the strategy after three years.

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[28] DFID (1998) *South Africa: Country Strategy Paper 1998*, DFID: London.

[29] DFID (1997) *Eliminating World Poverty: A Challenge for the 21st Century*. White Paper on International Development.

[30] DFID (1998) *South Africa: Country Strategy Paper 1998*, DFID: London p.12.

3.6 Over the subsequent four years the brief of the DFIDSA programme extended across Botswana, Lesotho, Namibia, South Africa and Swaziland, together with DFID's work on regional issues covering SADC. In addition to the Pretoria base there were four field offices in Botswana, Lesotho, Namibia and Swaziland.

3.7 The proposed review of DFID's strategy was conducted in 2001. The review concluded that, whilst well-targeted TA efforts were highly valued by South African partners and made a valuable contribution to policy development and to implementation capacity, DFID had managed too many separate initiatives and that the portfolio should be streamlined. It also noted that the programme had been supporting transformation in government and that there was a case for paying greater attention to the promotion of pro-poor growth.

3.8 The resulting 2002 Strategy Paper[31] took a more coordinated approach for DFID Southern Africa with a focus on poverty reduction across the five countries of the Southern African Customs Union (SACU) and regional approaches to poverty reduction through SADC. For the MICs (all but Lesotho) the focus was on policy engagement and TA rather than the transfer of financial resources, with support for poverty analysis and strategies; the promotion of growth, jobs and equity; strengthening democracy, governance and service delivery; and tackling the HIV/AIDS epidemic.

3.9 The 2002 Strategy saw further attempts to narrow the spread of the programme, take a stronger poverty focus and in the light of the 2nd White Paper on International Development[32], a regional and Africa-wide perspective. The latter was responsive to the restructuring of SADC, the launch of NEPAD in 2001 and the inauguration of the African Union, in July 2002. The regional programme was budgeted to spend 15% of the total DFIDSA programme.

3.10 Thus the move towards a regional approach and a more policy focused programme was already developing. However, the reduction in sector spread and a less project intensive approach was not easily achieved. As will be discussed in Chapter six, the office remained traditionally structured with a wide range of advisor and administrative staff though to 2005. Similarly the number of projects, especially with relatively low spend and range of sectors, remained high.

The 2006 Strategy

3.11 In its 2006 Regional Plan[33], DFIDSA moves further away from a country-led approach and defines its partnership with South Africa as part of its work to support regional plans. 'South Africa in the region' thus becomes the main entry point. The Regional Plan asserts that South African leadership is strongly committed to development and peace in the region and that UK engagement in the region must therefore be developed in strong partnership with South Africa. This and the fact that many donors were 'basing their regional offices in South Africa', also justified keeping the DFID office in Pretoria, as opposed to other African regional programmes that were managed from London.

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[31] DFID (2002) *Southern Africa Strategy Paper,* DFID: London.

[32] DFID (2000a) *Eliminating World Poverty: Making Globalisation Work for the Poor.* White Paper on International Development Cm 5006.

[33] DFID (2006a) *Southern Africa Regional Plan,* London: DFID.

3.12 The Regional Plan also defined the regional approach in a clear and articulate way. It built on the Pan Africa agenda of the AU and analysis of the CfA. The regional plan presented a new conceptual framework and a new set of modalities – engaging with South Africa as an entry point to the region, supporting regional institutions and promoting aid effectiveness at the regional level.

3.13 The Regional Plan built on the G8 commitments, structured around three thematic areas: Growth, Jobs and Equity; Resilient Livelihoods; and Peace and Security. Within these three themes specific areas for engagement were identified, again drawing on the G8 priorities: supply side trade, regional transport infrastructure, food security, water, climate change, infectious diseases including HIV/AIDS, and peace and security.

3.14 Parallel to this, DFID played an active role in drafting the first Joint European Union Country Strategy Paper (EU CSP) in South Africa[34]. This strategy paper was finalised in 2007. The EU CSP, although very broad, identified bilateral priorities against which EU member states were to align. The strategy itself prioritised trilateral cooperation into the region as a key priority for the GoSA. DFID also took the lead in developing the EU CSP's area of cooperation on 'promoting pro-poor, sustainable economic growth, including in the second economy' which in turn shaped DFID's own related programme. Whilst the intention was to harmonise DFID's bilateral programme with that of other EU members it was conceptualised within the context of the regional approach and managed in an integrated way through the Pretoria office's staffing and resources.

3.15 In February 2007 a Business Plan was produced as an annex to the EU CSP 2007-2011. The Business Plan referred back to the 2002 Strategy Paper as setting the framework for DFID's South Africa programme[35]. The 2006 Regional Plan is referred to as being launched 'in recognition of the importance of pan-African approaches to the continent's development and, in particular, that South Africa's role in assisting development beyond its borders'[36]. Whilst the Business Plan was drafted to reflect linkages with the collective EU position it suggests a continued tension between the 'regional' and 'bilateral' aspects of the programme.

3.16 DFID's bilateral engagement with South Africa continued over the evaluation period – within the framework of the joint EU CSP – working with 'South Africa in the region' clearly remained DFID's main strategic goal. Influenced in part by its policy towards support to MICs, DFID confirmed plans to merge bilateral programme in South Africa with the regional programme in 2007 as 'partnerships with South Africa on poverty in the region are increased'[37]. The MTR of the Regional Plan also foresees an increasing proportion of DFID's aid framework being used to support 'South Africa in the region and regional work'[38].

3.17 DFID's Regional Plan envisaged 'work with the GoSA on its development agenda for the region, working closely with Finance, Foreign Ministers and line Ministries; and work with South Africa to strengthen the capacity of regional institutions to manage regional integration'[39]. Under the

[34] European Union (2007*) Cooperation Between the European Union and South Africa Joint Country Strategy Paper 2007-2013.*

[35] DFIDSA *Annex to EU Country Strategy Paper, South Africa: DFID Business Plan, 2007-2011* February 2007, Section 3 Page 6.

[36] Ibid section 3.1.5.

[37] *DFID and South Africa: Working Together in Africa*, Internal DFIDSA Paper February 2007.

[38] DFIDSA *Southern Africa Regional Plan Mid-Term Review (MTR) Issues and Options,* October 2008.

[39] DFID (2006a) *Southern Africa Regional Plan*. London: DFID. p. 14.

growth theme for example, a possible entry point was identified for a framework of support with the GoSA for the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA) over the following 3-5 year period[40].

3.18 This strong regional focus to work with South Africa was reinforced with the decision, reported in DFIDSA's 'Working Together in Africa' paper, to 'work on domestic challenges only as they present an opportunity or risk to Africa's development'[41]. However, the paper goes on to say that: 'major risks to the peace and prosperity of South Africa are HIV/AIDS, inequality and unemployment. If these are not addressed, South Africa's and Africa's development will be hampered'. This seems to soften the strong regional approach adopted by the 2006 Regional Plan, allowing for social engagement in South Africa. In terms of growth, the econometric estimate that 'one percentage point increase in South African economic growth is correlated with a ½ - ¾ percentage point increase in growth in the rest of Africa'[42], is used again to justify engagement around South Africa's domestic agenda.

Strategic Implementation

3.19 The initial implementation of the regional plan continued the emphasis on developing the regional approach with much of the reduced staffing resource focused on developing regional initiatives. As will be discussed in detail in subsequent chapters, the bilateral programme in South Africa continued but with a reduced focus. This was reinforced by DFID's corporate policy towards MICs with the result that DFID was perceived internally and externally as reducing its interest in South Africa. Whilst relations in some key areas remained strong (e.g. health, some aspects of growth, social development) many GoSA informants report a weakening of the relationship.

3.20 Evidence from a range of informants including GoSA officials, programme implementers and independent sources confirmed that DFID did not expand its network of influence within South Africa to build synergies with regional issues. In part, this may be a consequence of reductions in staff time and the priority given to regional engagement and, in part, an over-reliance on programme consultants and contractors. Where DFID did provide short term advisory support, these contributions were highly valued by key GoSA informants but, from a strategic perspective, the evaluation found insufficient engagement at senior levels by DFIDSA staff to enable them to build on, identify and respond to opportunities.

3.21 Similarly the intention to work with 'South Africa in the region' did not develop as strongly as proposed. The GoSA's commitment to trilateral cooperation was slow to develop and there were limited opportunities to engage with South Africa on development more widely (see paragraphs 3.25-30). Overall DFID's bilateral support continued to focus on domestic issues throughout the evaluation period, notably growth (addressing market failures in financial, land, commodity and labour markets and restructuring State Owned Enterprises (SOEs)), AIDS and health, social policy and building local government capacity. Support for primary and secondary education was phased out in the early part of the evaluation though expenditure continued through to 2008-2009 further

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[40] DFIDSA *Regional Growth, Trade and Infrastructure Work Plan, 2006/07.*

[41] DFID (2007a) *DFID and South Africa: Working Together in Africa.* Internal DFIDSA Paper February 2007. para 1.1.

[42] Arora, V. and Vamvakidis, A. (2005) *The Implications of South African Economic Growth for the Rest of Africa,* IMF Working Paper 05/58. p11.

limiting the breadth of engagement. Whilst in some areas harmonisation under the EU CSP has evolved this has been quite limited with most member states continuing to prioritise their own bilateral agendas.

3.22 The result was a degree of disconnect between the established bilateral programme and the emerging regional approach. Programmes made opportunistic regional links where partners were keen to explore them but the development of linkages and synergies were not pursued systematically. Experience was mixed. For example the Strengthening Evidence Based Decision Making Project (SACED) did support social protection learning in the region whereas Making Markets Work Better for the Poor (MMW4P) projects – despite their regional coverage and inclusion of the GoSA as a partner – did not have a component that sought to reinforce the linkages between South Africa and the wider region. The full portfolio is reviewed in Chapter 4.

3.23 The challenge was to implement a strategy that did not spell out the linkages between the bilateral and regional approaches clearly enough, within a context in which regional institutions were relatively weak and with South Africa itself being ambivalent in its regional stance. One example is the Support to South Africa's Shared Growth Strategy (SSASG) where the Project Memorandum (PM) makes no mention of South Africa's domestic challenges being a particular risk to regional development. Instead, the focus is on the links between economic growth and poverty reduction in South Africa, with the aim of the project being to help increase the capacity of the South African economy to deliver high and sustained economic growth. As far as the GoSA is concerned, the regional implications of its growth strategy are not a priority. This illustrates the challenges that DFID Pretoria has encountered in promoting its approach to 'South Africa in the region' when working with a government that primarily focuses on domestic issues and whose main priority (and perhaps rightly so) is not to promote equitable development and shared growth for the wider region.

3.24 These challenges to the implementation of the strategy were compounded by the impact of staff reductions and transitions. Since 2008, greater clarity around the regional/bilateral relationship and the multiple aspects of the relationship with South Africa has developed; however these are not yet fully reflected in the programme.

South Africa as a Partner in Development

3.25 Working with South Africa on its development agenda was relevant over the evaluation period, because the bulk of South Africa's development assistance is focused on SADC countries. However, in South Africa, development assistance is still a recent innovation embedded within the broad framework of NEPAD and the vision of an African renaissance. Details of the implementation of proposals to set up a South African International Development Agency (SAIDA), located within the Department of Foreign Affairs (renamed as the Ministry of International Relations and Cooperation, following the 2009 election), were only shared with development partners during the evaluation[43]. In the absence of a centralised agency, South African aid is channelled through various means: the Africa Renaissance Fund, SACU revenue sharing formula and TA from line ministries.

[43] 'State of Affairs for Development Co-operation in South Africa – Incoming and outgoing development assistance' presentation by Dr. Ntsaluba, Director General for the Department of International Affairs and Cooperation, (DICO) at meeting of European Union Development Counsellors on September 17, 2009.

3.26 The lack of both a single interlocutor or encouragement from the GoSA reduced opportunities for DFID to engage with South Africa on development in the region. A summary of South Africa's development assistance[44] shows that:

- Development assistance activities for 2006 amounted to between US$363m and US$475m, or 0.18% of GDP.
- NEPAD's African Renaissance Fund comprises only a small percentage of the total amount of South African development assistance; 3.8% in 2002 and 3.3% in 2004.
- The bulk of the assistance undertaken since 2000 has been conducted by various government departments. In fact, at least half of all national government departments are engaged in a range of projects on the continent.
- The Department of Defence (55%) and the Department of Education (36%) accounted for the bulk of these expenditures.
- Within Africa, the bulk of South Africa's development assistance is focused on SADC member states. These countries received 96% of South African fund flows in 2004 (R14.592 billion) when SACU/CMA transfers are included and close to 70% (R1.383 billion) when SACU transfers are excluded.
- Although South Africa does not have a policy to prioritise its aid the pattern of activity, suggests that a key focus is to help countries make the transition from conflict to peace.

3.27 Looking more widely at the historical and political context reveals a more complex picture than the one painted in the DFID Regional Plan. While South Africa is strongly committed to peace and development in the region, the manifestations of this - and internal motivation - are contested.

3.28 South Africa – despite being by far the main economic and political power in the region – is not perceived as taking an active lead in the promotion of the SADC agenda. Its main priority when chairing SADC in 2008 was to promote peace-keeping and negotiation efforts in the region and in particular, to continue its mediation efforts in Zimbabwe and Madagascar. That South Africa negotiated its own Trade Development and Co-operation Agreement (TDCA) with the EC is also seen as an indication that it lacks commitment towards the SADC region. The GoSA's commitment to SACU as a customs union is also ambivalent, whereas strengthening the AU and its structures has remained on top of the GoSA's foreign relations agenda.

3.29 South Africa's bilateral relationships with its neighbours are complex. It is seen as 'inward looking' by many neighbouring counties. The South African government is aware of the 'big brother' role that it plays, and the negative perceptions that this comes with in neighbouring countries. This perception is an inheritance from the apartheid years, but also a reality, insofar as South Africa is seen first as promoting its own commercial and economic interests.

[44] Wolfe, B. et al. (2008) *Emerging Donors Study: The South Africa Case*. Prepared by SAIIA, Canada: IDRC.

3.30 These negative perceptions of South Africa in the region are acknowledged by DFIDSA who note that: 'The economic strength of South Africa is seen by many in the region to be a threat as well as an opportunity'[45], and clearly have implications for encouraging and supporting regional links by South Africa and developing programmes that build regional synergies.

DFIDSA's Strategy for Economic Growth

3.31 DFIDSA's approach to regional growth has been shaped by its comparative advantage, as well as the diagnosis of growth patterns and identification of binding constraints that their programmes seek to tackle[46]. This section considers the development of this strategic approach and its implementation within the overall regional context of growth and trade.

3.32 Given the prominence of South Africa's economy in Southern Africa and across the continent, there is little doubt that development in the region will not happen without South Africa. South Africa also remains an important 'internal resource' for the region. Other growth hubs exist in Southern Africa, including fast growing economies like Angola and Mozambique, but none have developed economic linkages with neighbouring countries. These economies therefore do not have the same potential for growth spill over as does South Africa. SACU economies, in particular, are highly dependent on South Africa's economic prospects, given the share of SACU transfers in their government revenues (40% for Namibia and 60% for Lesotho).

3.33 Figures on investment, trade and migration[47] also show that:

- Investment by South African firms in countries like Lesotho, Mauritius, Mozambique, Namibia and Swaziland, was between 9% and 20% of their GDPs during 1990-2002.

- For most countries in SADC, South Africa accounts for more than 35% of their trade; 81% in Swaziland's case and 41% for Mozambique and Zambia.

- Remittances from Africans working in South Africa are also significant.

3.34 A closer and more up-to-date analysis of regional economic patterns is needed to measure the extent to which South Africa can be an engine of growth and poverty reduction for the region. DFID Pretoria itself recognises that the linkages between growth in South Africa and the wider region need unpacking. In the absence of a regional growth diagnostics, DFID principally relies on IMF estimates to suggest that SSASG will also benefit growth in the wider region[48]. Yet there are three limitations in the way these estimates can be used today to assert South Africa's place as the main driver of growth in region:

- The estimates cover the period 1960-1999 and therefore do not take into account developments that took place over the last decade.

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[45] DFID (2007a) *DFID and South Africa: Working Together in Africa*. Internal DFIDSA Paper February 2007. p5.

[46] DFID SA – Framing Paper on a Regional Growth Agenda.

[47] DFID (2007a) *DFID and South Africa: Working Together in Africa*. Internal DFIDSA Paper February 2007. p2 and 4.

[48] Arora, V. and Vamvakidis, A. (2005) *The Implications of South African Economic Growth for the Rest of Africa,* IMF Working Paper 05/58. p9 and 11.

- What African economies need is sustained, economic growth. The IMF working paper[49] – by using 5-year growth rate average – says little about this and the role that the South African economy can play in promoting sustained economic growth across Africa, for example by reducing their vulnerability to external shocks.

- These estimates show that the results do not seem to depend on the size of the countries' bilateral trade with South Africa. The IMF concludes that the results are not driven by regional trends and that the impact of the South Africa economy on the rest of Africa does not depend on trade or distance.

3.35 The key question is how can South Africa help lift the region out of poverty, given the existing channels of engagement and transmission (trade, investment, finance and migration) and the required 7% growth rate target[50]? One positive response compares South Africa with China in this respect:

"Rapid growth in China already supports growth elsewhere, so far primarily as a market for exports, while India and Brazil have the potential to provide similar support, but South Africa does not yet exhibit such a potential… although it could provide some impetus to the growth process in Africa if linkages turns out right"[51].

3.36 In order to avoid a blanket approach to growth in Southern Africa, key questions to be addressed if South Africa is to be seen as playing such a role are:

- Is growth in South Africa rapid enough to fuel both domestic and regional markets? With real GDP growth close to 5% from 2004 to 2007, South Africa's economic performance has been distinguishably stronger than in the immediate post-apartheid period 1994-2003. At the same time, growth in South Africa is actually quite slow, when compared with BRIC countries. On average, real GDP growth was just below 5% in South Africa in 2004-2006, compared with 8% in Russia and 10% in China. Even if South Africa was to meet its annual GDP growth target of 6%, the benefits for the wider region are not certain.

- Where regional economic linkages exist, is economic growth in South Africa complementary or competitive to economic growth elsewhere? This is difficult to measure since 'in situations where direct effects are complementary, indirect effects could be reinforcing if complementary, but counter-acting if competitive. This makes generalisation difficult'[52]. Looking more specifically at trade, DFIDSA's Regional Plan acknowledges the risk that South Africa may become the winner that takes all as regional integration deepens.

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[49] Arora, V. and Vamvakidis, A. (2005) *The Implications of South African Economic Growth for the Rest of Africa,* IMF Working Paper 05/58.

[50] Commission for Africa (2005) Our Common Interest: Report of the Commission for Africa. London: CfA, March 2005.

[51] Nayyar, D. (2008) *China, India, Brazil and South Africa in the World Economy*, Discussion Paper 2008/05, Tokyo: United Nations University (UNU-WIDER), abstract.

[52] Nayyar, D. (2008) *China, India, Brazil and South Africa in the World Economy*, Discussion Paper 2008/05, Tokyo: United Nations University (UNU-WIDER), abstract. p10.

Regional Trade

3.37 There is no clear indication, despite SADC's regional integration agenda, that the regional economic linkages between South Africa and other countries in the region will strengthen. In fact, trade patterns indicate that, even through intra-regional trade is more important in SADC in comparison with other regional economic bodies, most SADC countries are outward-looking and are likely to become even more so in the future.

3.38 'SADC intra-regional exports increased fourfold between 1990 and 1995 and almost doubled between 2000 and 2005. The sharp rise in the first half of the 1990s reflected a normalisation of regional economic relations in the post-apartheid era, whereas the latter increase has been attributed to accelerated trade liberalisation within SADC[53]'. The OECD Trade Policy Working Paper states that in recent years, countries like Mozambique, Tanzania, Zambia and Zimbabwe trade less with South Africa, as they are 'tending to source imports away from South Africa or because South Africa is tending to increasingly explore export markets away from Africa'. The study concludes, 'this is not surprising given the rapid dispersion of economic activity globally in recent years and changing patterns of comparative advantages in goods and services that have resulted'[54].

3.39 Thus the share of intra-regional exports in total exports has risen only slightly. Kalaba and Tsedu (2008)[55] found that whereas SADC total exports grew by an impressive 114% between 2000 and 2006, the share of intra-SADC exports to total exports remained roughly unchanged, at about 10%. Rising oil exports (Angola) and the sharp rise in the international price of primary commodities, in particular of minerals and oil products, in part explain this trend. This explains why most SADC countries are still largely dependent on and look out towards, the world economy.

3.40 That intra-regional trade shares have remained stable implies some progress in regional trade integration, but global forces are likely to bend this trend as member countries tend to diversify their trading partners, in particular importing or exporting more products from and to China and other emerging economies[56]. For example, China has now become South Africa's biggest trade partner:

"Just 10 years after establishing diplomatic and trade relations, China has overtaken the US, Japan, Germany and the UK to become SA's biggest trading partner, according to the latest figures from the Department of Trade and Industry ... China imports iron ore, gold, copper, chrome, wine, timber and paper pulp from SA, while China mostly exports value-added products, such as appliances and clothing"[57].

3.41 The predominance of South Africa as the main trading partner in the region tends to inflate the importance of intra-regional trade. Table 5 sets out complementary and competing products by

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[53] OECD Working Paper Trade and Growth South Africa, 2009.

[54] Kowalski, P., Lattimore, R. and Bottini, N. (2009) *South Africa's Trade and Growth*, OECD Trade Policy Working Paper No. 91, OECD: Paris. para 50, p.28.

[55] Kalaba, M and Tsedu, M (2008), *Regional Trade Agreements, Effects and Opportunities: Southern African Development Research Network, TIPS,* Pretoria, South Africa.

[56] Kalaba, M and Tsedu, M (2008), *Regional Trade Agreements, Effects and Opportunities: Southern African Development Research Network, TIPS,* Pretoria, South Africa.

[57] Business Day September 2009.

SADC country and the main competitors[58]. Most intraregional trade is done within Southern Africa Customs Union (SACU) and mostly consists of manufactures from South Africa[59]. Trade flows between non-SACU members remain very low[60].

Table 6. SADC Member States' Complementary and Competing Products

Country	Complementary Products	Competing Products	Competitor
Botswana	medicines, precious stones and vehicles	vehicles, meat, confectionaries and electronics	India, USA, Mercosur, Namibia, China
Lesotho	none	textiles and clothing	India, China and other SADC members
Malawi	none	textiles and clothing, tea, cotton and tobacco	India, China, other SADC members
Mauritius	diamonds	textiles and clothing	India, China and other SADC members
Mozambique	petroleum oil	textiles and clothing, fish and oilseeds	India, China and other SADC members
Namibia	vehicles, printed material and precious metals	meat	Mercosur, Botswana
Swaziland	furniture, machinery	textiles and clothing	India, China, and other SADC members
Tanzania	diamonds	precious metals, medicines, tobacco and oilseeds	India, China, US
Zimbabwe		tobacco, tea and cotton	India and other SADC members

Source: Peter Draper *et al*, *South Africa's International Trade Diplomacy: Implications for Regional Integration*, SAII 2006: p82

3.42 Other channels of transmission show a very different picture. For example, economic linkages between South Africa and Mozambique have strengthened with South African investment in Mozal and are likely to strengthen further, as South African firms invest in Mozambique mega projects. Whether this will benefit growth and contribute to poverty reduction in Mozambique remains a main concern. Caster-Branco makes this point in his closing remarks:

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[58] From Chatham House strategic assessment. Complementary products are those products which South Africa imports from outside the SADC region while they are being exported by other SADC countries to the rest of the world. Intra-SADC trade can be improved in these fields. Competing products are prominent SADC exports to South Africa that are also exported by non-SADC countries and groupings with which South Africa might sign FTA agreements. Identification of these products is identification of a potential threat to the export of SADC countries. India and China are threats to textiles and clothing. India is also a threat in medicine. Mercosur is a threat by virtue of its strong agricultural sector.

[59] Regional Integration, UNCTAD working paper, 2008: "*Effective regional integration within SACU has been limited due to its mainly fiscal character and the economic dominance of South Africa within the region. The development of a regional network of industries with forward and backward linkages between member countries as a preparatory step for the creation of a common market did not figure prominently on the original agenda of the customs union*".

[60] EC Regional Strategy quote: Intraregional trade accounted for 19% of total SADC trade in 2003 but this share has not increased since 1998.

> "Further integration between the South African and Mozambican economies is likely to continue to take the form of division and specialisation of labour within the South African space economy. Whether this process expands and diversifies productive, investment and technological capacities in Mozambique and reduces or increases the gap between South Africa and Mozambique, are more worrying issues than the precise level, path and pace of reduction of tariffs and other trade barriers… If integration is going to be driven by the dynamic power of the South African economy and Mozambique is going to benefit from it, then the Mozambican government and businesses have to understand the regional strategies of South Africa (public and private sector) and learn how to use them strategically to benefit business development and capacity creation in Mozambique"[61].

Corporate Policy and Regional Linkages

3.43 The 2006 Regional Plan draws heavily on the CfA, for its economic analysis; the G8 summit[62] and the communiqué which followed[63], for the identification of areas for engagement and proposed output targets; and on the focus on globalisation (especially trade and climate change) in the 2nd UK White Paper on International Development[64]. This policy framework provides a strong grounding for the Regional Plan in DFID and UK policy towards international development.

3.44 In line with the strong position taken on poverty by the UK government since 1997, the Regional Plan puts poverty centre stage, particularly in the context of the level of inequality in the region. Having been first strongly articulated in 2000[65], since 2007 DFID's corporate policy has given renewed priority to gender[66], another key feature of the inequity and poverty of Southern Africa. The Regional Plan did not include a specific gender assessment and whilst gender analysis has informed the programme at project level, strategically, the regional approach was relatively gender neutral. In early 2009 DFID SA decided to conduct its own gender equality assessment[67] after an earlier attempt to get a draft gender action plan approved by management and Head of Office in June 2007. The assessment was followed by the production of a Gender Equality Action Plan (GEAP)[68] in May 2009. The assessment confirms that, 'DFID SA is working with a gender analysis and working on gender issues but has the potential to go so much further and deeper'[69].

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[61] Castel-Branco, C. N. (2002) *Economic Linkages between South Africa and Mozambique*. Research Report, DFID: Pretoria and Maputo. p.22.

[62] The 31st G8 summit was held from July 6-8, 2005 at the Gleneagles Hotel in Auchterarder, Perth and Kinross, in Scotland and hosted by British Prime Minister Tony Blair.

[63] G8 Gleneagles Communiqué, 8 July 2005, G8 Heads of Government.

[64] DFID (2000a) *Eliminating World Poverty: Making Globalisation Work for the Poor.* White Paper on International Development, Cm 5006, HMSO: London.

[65] DFID (2000c) *Poverty Elimination and the Empowerment of Women,* Target Strategy Paper, DFID: London

[66] DFID (2006d) Evaluation of DFID's Policy and Practice in Support of Gender Equality and Women's Empowerment, COWI Evaluation Team, Rikke Ingrid Jensen *et al* Ev 669; and DFID (2007b) Gender Equality Action Plan 2007-2009, DFID: London.

[67] DFID (2009e) *Gender Equality Assessment DFID Southern Africa*, Report for DFID SA Office, Penny Plowman, March 2009.

[68] DFID (2009f) *Gender Equality Action Plan for DFID Southern Africa 2009 – 2012*, DFIDSA: Pretoria.

[69] DFID (2009e) *Gender Equality Assessment DFID Southern Africa*, Report for DFID SA Office, Penny Plowman, March 2009. Para 3.6.14.

3.45 Another aspect of corporate policy that is discernable in the strategic approach to Southern Africa from the 1998 CSP onwards is South Africa's MIC status. DFID's strategy in relation to MICs calls for a different approach to MICs, the focusing of DFID support and the need for a more effective international system[70]. DFID's policy towards the proportion of bilateral aid going to low income countries created increasing pressure to graduate from MICs[71]. This policy together with the pressure on DFID's administrative budgets in 2004[72] added to the existing plans to reduce the staffing of DFIDSA and presented added impetus to the shift to a regional approach.

3.46 Whilst these pressures influenced the emerging regional approach and clearly drove the restructuring that preceded and followed the 2006 Regional Plan, its well framed rationale suggests that the desire to find a new way of relating to and engaging with Southern Africa was the stronger 'pull' factor. Certainly, the corporate policy pressures seem to have catalysed the process with the closure of DFID programmes in Botswana, Namibia and Swaziland and the consolidation of the regional programme.

3.47 The Regional Plan presents an approach predicated on the principle of subsidiarity – 'the purpose of regional approaches is to create benefits for countries in ways that they could not achieve on their own in addressing issues of national interest'[73]. However, the preparatory process for the strategy did not engage other DFID offices until quite late and contemporary and current country plans for other SADC countries where DFID is present suggests that synergies with the plan and the programme are not given priority. In 2008, with a new head of office and the Mid Term Review of the Regional Plan, a more integrated view of the regional approach emerged. The subsequent draft delivery agreement on 'working together to ensure the DFID Southern Africa Regional Programme remains relevant to regional development, is effectively implemented and 'adds value' to nationally set development objectives'[74], set the sort of clarity that had not been present before.

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[70] DFID (2001) *Eliminating Global Poverty: The Middle-Income Countries,* London: DFID. And: DFID (2004b) *Achieving the Millennium Development Goals: The Middle-Income Countries, A Strategy for DFID: 2005–2008.* DFID: London.

[71] In the 1999-2002 Public Service Agreements (PSAs) set a target of 75% of bilateral aid going to lower income countries. This was increased to a target of 90% in the 2003-2005 PSA and 90% as a minimum in the 2005-2008 PSA. This target was restated in the current PSA (2008-2011) HM Treasury, 2007.

[72] Gershon Review 2004; and the 2004 Spending Review *Stability, Security and Opportunity for All: Investing for Britain's Long-Term Future* which established the New Public Spending Plans 2005-2008.

[73] DFID (2006a) *Southern Africa Regional Plan,* London: DFID. Para 4.7 p6.

[74] DFIDSA Internal Note Southern Africa Regional Programme: Draft Delivery Agreement, undated 2008.

Box 3 The Regional Approach – An Innovative Strategy

SADC provides a highly relevant political definition of region and presents an emerging concept of region that potentially has social and economic policy relevance.

The strategy, as set out in the Regional Plan, did not take account of the difficulties of engaging with SADC. DFIDSA has responded to this challenge and appreciates the need for further engagement.

The regional approach has been broadened in the case of growth and trade to cover the trilateral 'region' covered by COMESA, EAC and SADC. This extends the strategy as conceived and develops support within the tripartite context in an important direction

A consolidation of the definition of Southern Africa as a 'region' around SADC, building on the lessons of engagement to date with regional government and civil society institutions, would deepen the understanding and approach.

The SADC defined region remains relevant and coherent as the basis for DFID's engagement across the region. However, continued bilateral support to South Africa is also strategically relevant given the poverty, equity and governance challenges it faces.

The 2006 Regional Plan drew heavily on the Commission for Africa and the G8 commitments – almost to the exclusion of lesson learning from the South Africa programme and Southern Africa analysis. This has been developed subsequently and the regional approach has taken a broader perspective.

Programme implementation will be reviewed in the following chapters but at the strategic level the programme was less effective in deepening policy engagement at bilateral levels to gain support for the shift towards more regional investment. Focused policy engagement with South Africa, alongside policy engagement and investment regionally, would have been strategically complementary, relevant and coherent.

More political analysis and appreciation of the political economy, especially in relation to the deep social, cultural and governance dimensions, would strengthen bilateral and regional engagement.

The linkages between bilateral, regional and global engagement with South Africa are more sophisticated and nuanced than the Regional Plan suggested. Trade and infrastructure were appropriate entry points but are not the only ones or necessarily the most relevant to DFID's wider poverty goal. Good experience in social policy (SACED) could have been built on and extended giving a broader base for connections around social as well as economic policy arenas.

Poverty remained the weak point of the Regional Plan in terms of strategic impact – poverty in the region and in South Africa is complex and multi-dimensional and the linkages between growth and poverty were not developed clearly enough in the plan or its implementation.

Summary

Box 4 Summary – DFID Southern Africa Strategy

From 1994 to 2004 DFID provided significant assistance to the new South African Government supporting the transformation process. Support from other bilateral donors also grew. A broad Technical Assistance based project portfolio was less relevant to a MIC facing the particular challenges of South Africa. From 1998 DFID was taking more of a regional perspective and the 2006 Regional Plan adopted a more comprehensive regional approach. This was seen as relevant to the Southern Africa region and an appropriate way to support South Africa's engagement regionally, across Africa and globally, in addition to the changing bilateral needs.

The strategy was innovative and demanding. It built on the analysis of the CfA and the commitments of the 2005 G8 Summit. The Regional Plan was responsive to the policy direction set by the three UK White Papers on International Development and to the DFID MICs policy.

However, DFID did not effectively differentiate between the Southern Africa regional programme and the South Africa bilateral programme. Whilst they generally and correctly saw engagement with South Africa through a regional lens, the regional plan neither promoted the continued role of the bilateral programme nor set a clear implementation strategy for ensuring the regional linkages and synergies. Further, the assumptions with respect to growth in the region and South Africa's mutual engagement with its neighbours over-emphasised the regional dimension.

The Regional Plan did not present a strategy for working with DFID offices in the region. Without such engagement and commitment it is difficult to see how the Southern Africa Regional Plan was able to be truly regional in nature assuring synergies and complementarities with the respective Country Plans and also with Africa Division's approach to the continent and its institutions.

4. The DFID Southern Africa Portfolio

Introduction

4.1 In this chapter we review the development of the portfolio. We start by looking back at the programme composition prior to the evaluation period, identifying its roots in the 1998 South Africa CSP and 2002 Southern Africa Strategy Paper. The development, from a broad based project portfolio, focused on support for South Africa's transformation from the apartheid era, through five country level programmes supporting poverty elimination, to a portfolio to implement the regional approach outlined in the 2006 Regional Plan, is described, identifying where continuity and lesson learning has taken place. The chapter then assesses the portfolio that has emerged to deliver the 2006 Regional Plan including its relevance to the respective areas of engagement and the identified outputs. The balance of the portfolio and the relationship between bilateral and regional interventions are also explored.

From South Africa Country Strategy to Southern Africa Strategy

4.2 The 1998 CSP inherited a programme with interventions across eight diverse sectors. The strategy was to focus on *sustainable livelihoods* through pro-poor investment, economic growth, improving the effectiveness of government and its agencies in delivering *essential health and education* for poor people and better *management of the natural and physical environment* for sustainable rural livelihoods

4.3 While the 1998 CSP was largely focussed on TA to South Africa across a wide range of sustainable livelihoods initiatives (land reform, water resource management; community-based natural resources management; public sector reform), there was a relatively low level of engagement at a regional level. However, DFID did support sharing of 'cross-border' experiences in, inter alia, water resource management, regional fisheries management and HIV/AIDS.

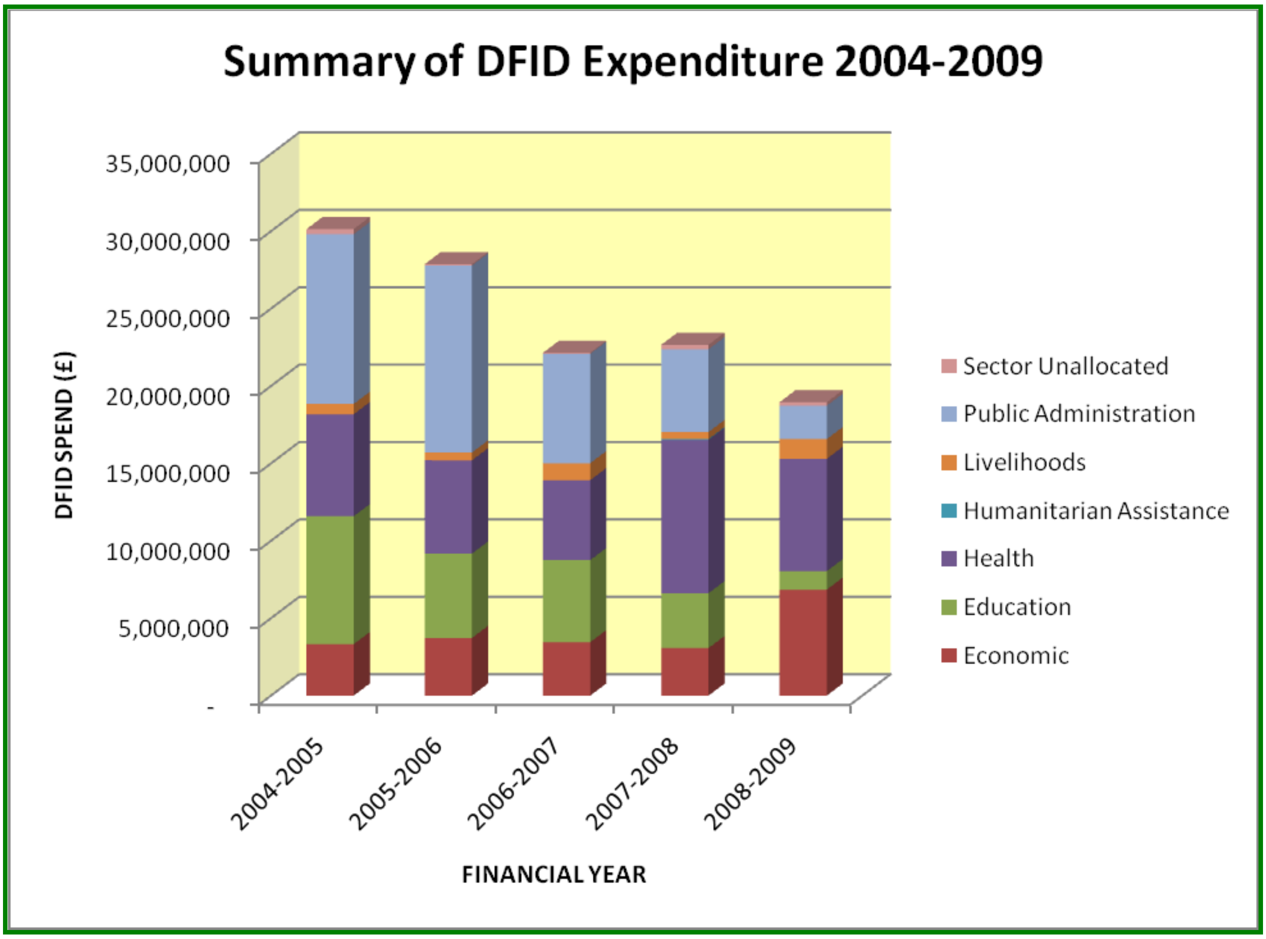
4.4 DFID's 2002 strategy paper aimed to: 'support **poverty elimination** in the five countries of the SACU and also regional approaches to poverty reduction across SADC'. The intention was to develop more strategic interventions that promoted engagement with the overall poverty agenda. DFID would sharpen its analysis and cut down from 150 interventions (mostly in South Africa) to 40 (increasingly with a regional focus).

4.5 Priorities for this sharpened strategy in the four MICs – South Africa, Botswana, Namibia and Swaziland – focused on: strengthening poverty analysis and strategy; promoting growth; jobs and equity; strengthening democracy, governance and service delivery; and tackling HIV/AIDS.

4.6 In Lesotho, the only low income country, DFID worked with other international donors to support the development and implementation of Lesotho's poverty reduction strategy. Finally, some 15% of the £47m budget was allocated for regional support across SADC as a whole.

4.7 By 2004, the natural resource and livelihoods emphasis, from the 1998 CSP, had faded (see Figure 2); approximately 50% of the programme was devoted to health and education and a substantial element given over to governance investments through public administration, including local government. Health remained a significant sector from pre 1998 through to the present, though with an increasing focus on HIV/AIDS, whilst education continued until 2009.

Figure 2. Proportion of Sector Spend



4.8 A number of projects that were developed under the 2002 Strategy Paper have continued into the evaluation period. Under the growth, jobs and equity pillar and based on the 'Making Markets Work for the Poor' (MMW4P) Framework Paper[75], a paper setting out the objectives and approach within a South African context[76] guided the design of five programmes that were seen as key elements to making markets work for the poor: ComMark, FinMark, Urban LandMark, the Employment Promotion Programme (EPP) and the Regional Trade Facilitation Programme (RTFP). Similarly under the strengthening poverty analysis pillar, the SACED was established. Finally, under the strengthening democracy, governance and service delivery pillar, the Consolidation of Municipal Transformation Programme (CMTP) and the SAT were initiated.

The Regional Approach – 2006 Regional Plan

4.9 The 2006 Regional Plan identified three factors that were to inform the development of interventions under the new regional approach. These were, firstly, a ***strong partnership with South Africa***, engaging with the GoSA on its development agenda for the region and working with South

[75] DFID (2000b) *Making Markets Work Better for the Poor: A Framework Paper*. Unpublished.

[76] Gibson et al. (2004) *Making Markets Work for the Poor: An Objective and an Approach for Governments*. Woodmead: ComMark Trust.

Africa to strengthen regional institutions; secondly, ***support for regional institutions,*** including strengthening the capacity of civil society and the capacity of regional institutions to deliver the AU-NEPAD objectives; and thirdly, ***promoting aid effectiveness,*** in line with the Paris Declaration, through harmonised regional programmes aligned with AU-NEPAD priorities. Utilising these modalities, a limited number of initiatives in three focal areas, directly supporting the priorities agreed at the 2005 G8 Summit, were proposed. These areas of engagement were:

- ***Growth, Jobs and Equity*** – supporting supply-side trade and developing regional transport infrastructure

- ***Resilient Livelihoods*** – food security, water, climate change, infectious diseases (malaria, TB and HIV/AIDS)

- ***Peace and Security***

4.10 Whilst the regional approach was new, many of the components under these three thematic areas were inherited from the 2002 and 1998 planning periods. In the case of Growth, Jobs and Equity – renamed Growth, Trade and Investment – the Regional Standards Programme (RSP) was the only new programme developed under the Regional Plan until Support to South Africa's Shared Growth Strategy (SSAGS) and TradeMark in 2009. Similarly the only completely new programmes in the Resilient Livelihoods Theme were the much delayed Regional Climate Change Programme and the Regional Programme on Access to Medicines[77] which is yet to be implemented. However, two of the most significant initiatives built on earlier developments; with RTFP laying the groundwork for TradeMark and the Rapid Response Health Fund (RRHF) becoming an extension to the Multi Sector Programme on AIDS (MSP). Finally the Peace and Security Theme depended almost exclusively on the ACPP (for resources and implementation capacity).

4.11 Thus, the bulk of the programme during the evaluation period drew on the earlier conceptual thinking. Figure 3 portrays the trends in the South Africa bilateral element of the programme graphically. The decline in education and public administration is clear as the former was excluded and interest in governance and service delivery reduced. Health shows a less clear pattern due to fluctuation in AIDS expenditure. However, despite the emphasis on growth, the economic sector has only really grown in the last two years and the other theme of resilient livelihoods is hardly evident in the livelihoods sector itself.

[77] Southern Africa Regional Programme on Access to Medicines and Diagnostics (SARPAM).

Figure 3. Trends in Bilateral Spend by Expenditure 2004-2009

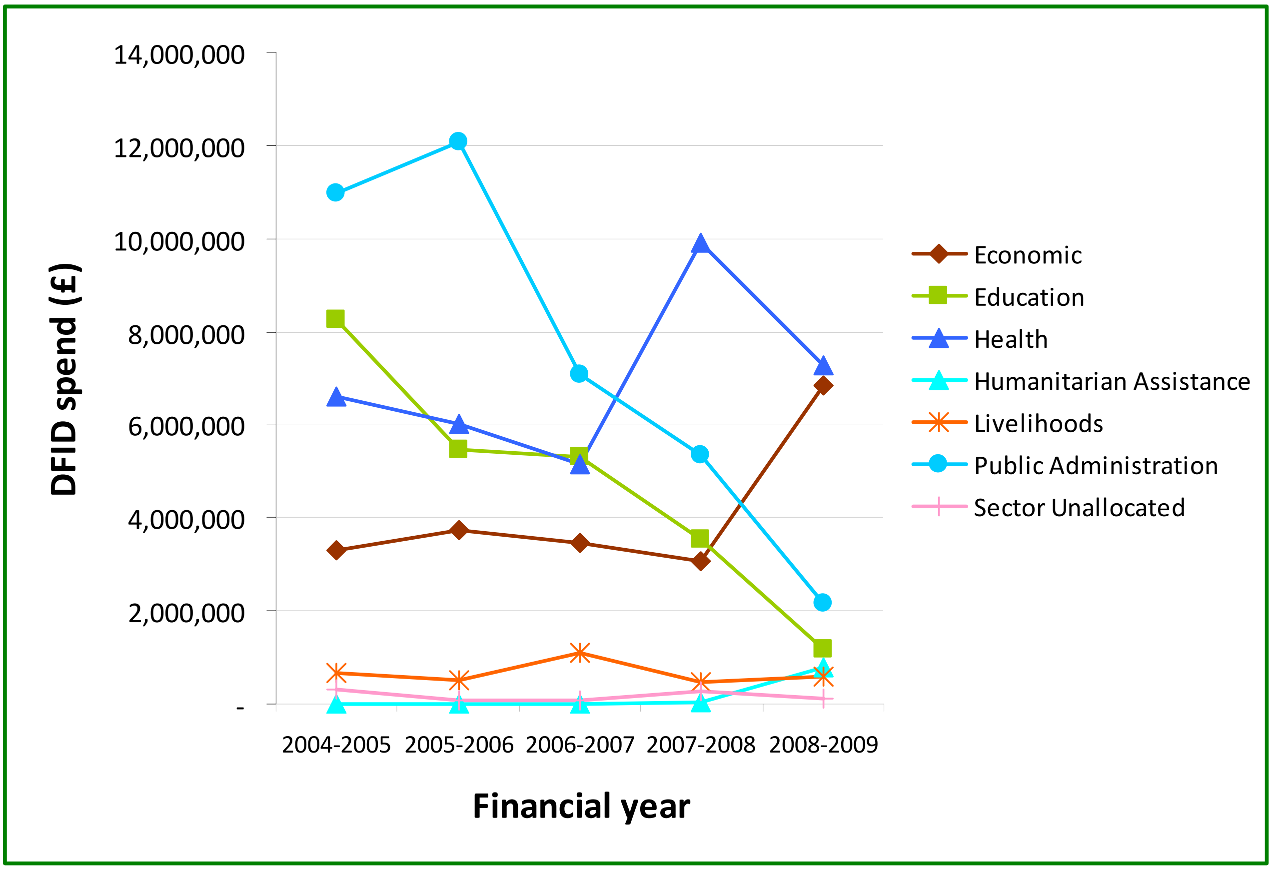


Table 7. South Africa Bilateral Expenditure by Sector

Expenditure by Sector (£)	2004/05	2005/06	2006/07	2007/08	2008/09
Economic	£3,321,679	£3,726,175	£3,449,521	£3,067,732	£6,844,397
Education	£8,264,556	£5,449,424	£5,304,396	£3,547,385	£1,193,595
Health	£6,592,519	£6,027,074	£5,163,232	£9,905,070	£7,258,532
Humanitarian Assistance	–	–	–	£50,000	£776,000
Livelihoods	£664,310	£502,018	£1,098,926	£454,451	£583,052
Public Administration	£10,967,220	£12,081,515	£7,067,879	£5,350,669	£2,157,212
Sector Unallocated	£325,874	£86,432	£61,370	£287,297	£136,063
Total Expenditure by Year	**£30,136,157**	**£27,872,638**	**£22,145,324**	**£22,662,604**	**£18,948,851**

Sources for Table 7, Figures 2 and 3 are Statistics in Development and DFIDs internal figures

4.12 Figure 3 and the details in Table 7 only show the South Africa bilateral programme whereas Table 8 shows the whole DFID Southern Africa Programme. The other UK aid is mainly from CDC Group which is a private equity investment fund wholly owned by DFID. It is only possible to give overall figures since the regional share of expenditure is not broken down by sector or by the thematic area. However, during the first two years of the Regional Plan approximately 40% of the Southern Africa expenditure was identified as regional interventions as opposed to the three remaining bilateral programmes.

Table 8. Total UK Southern Africa Development Expenditure

£ thousands	**2004/05**		**2005/06**		**2006/07**		**2007/08**	
Country	DFIDSA Programme	Other UK	DFIDSA Programme	Other UK	DFIDSA Programme	Other UK	DFIDSA Programme	Other UK
South Africa	£30,514	£18,418	£28,978	£50,388	£22,145	£5,256	£22,663	£61,777
Angola	£5,874		£7,848		£7,713		£4,322	£0,391
Lesotho	£3,522		£4,319		£6,765		£3,908	
Regional spend					£25,500		£17,224	
Total	**£39,910**	**£18,418**	**£41,145**	**£50,388**	**£62,123**	**£5,256**	**£48,116**	**£62,168**

Sources for Table 8, Statistics in Development and DFID's internal figures

Regional Plan Theme Areas

4.13 Table 9 gives the expenditure by theme area and areas of engagement for the Growth, Trade and Investment and Resilient Livelihoods Themes covering the major programmes operating during the 2006/07 – 2009/10 period together with the performance scores from annual reviews.

4.14 Overall, from a total allocation of £192.6m, the Growth Theme accounts for £54.3m (28%); Resilient Livelihoods £37.4m (19%); Health and AIDS £42.2m (21%); climate change £7.2m (4%) and other commitments £51.6m (27%). However, if the Lesotho expenditure and the residual education and governance programmes are excluded, the Growth Theme accounts for 37% and the collective Resilient Livelihoods (livelihoods, climate change, AIDS and civil society) 63% of the £126.2m commitment.

4.15 Whilst Growth is the largest single sector and has the higher profile, Resilient Livelihoods Theme accounts for almost twice as much of the current commitment across the two themes. Peace and Security was resourced through the ACPP and so the expenditures are not recorded here. From ACPP records[78] £13 million was spent in the whole of the Southern Africa region during the first two years (2006/07-2007/08); about half of the Growth Theme commitment and a quarter of the Resilient Livelihoods commitment. This compares relatively well, though much of the ACPP funds were spent at country level on small projects so programmatic comparisons are not appropriate.

4.16 The following sections review the programme during the evaluation period by Regional Plan themes and areas of engagement.

[78] Africa Conflict Prevention Programme Annual Report 2007/08 and 2006/07 ACPP Expenditure data.

Table 9. Annual Review Scores for Major Projects/Programmes

Programme	Value	Scoring 2006/07	Scoring 2007/08	Scoring 2008/09	Target 2009/10
Growth Trade and Investment					
Regional Trade Facilitation Programme	£16.1m	2	1	1	Closing 1
Regional Standards Programme	£4.1m	-	2	2	2
FinMark	£10.5m	2	1	2	2/1
ComMark	£10.6m	3	3(PiP)	2	Closing 2
Employment Promotion Programme	£5.4m	2	2	2	Closing 2
Lesotho Priority Support	£7.6m	2	2	2	Closing 2
Total Growth, Trade & Investment	**54.3m**				
Resilient Livelihoods					
Regional Hunger and Vulnerability	£8.7m	2	2	2	2
Trans-Boundary Water Resource Management	£5.0m	-	-	-	2
Strengthening Evidence Based Decision Making (SACED)	£7.3m	3	2	2	2
Children and AIDS Regional Initiative (CARI)	£18m	-	3 (PiP)	2	Closing 2
Urban LandMark	£3.4m	-	2	Due June 09	Closing 2
Total Resilient Livelihoods	**£42.4m**				
Health and HIV/AIDS					
Behaviour Change Communication	£19m	-	-	Due June 09	2
Southern Africa Regional Access to Medicines	£11.0m	-	-	-	X
HIV/AIDS Multi Sectoral Programme	£30.0m	3	4 (PiP)	3	Closing 2
Regional Approach to HIV/AIDS	£4.5m	2	2	2	Closed
Support to Angola Country Programme Action Plan	£4.6m	-	2	2	Closed
Total Health and HIV/AIDS	**£69.1m**				
Climate Change					
Regional Climate Change Programme	£7.2m	-	-	-	X
Total Climate Change	**£7.2m**				
Other					
Consolidation of Municipal Transformation Programme	£11.0m	2	2	2	Closing 2
Khanyisa Education Support	£19.5m	3	3 (PiP)	2	Closing 2
Southern Africa Trust	£10.0m	2	2	2	2
Lesotho Revenue Authority	£2.9m	2	2	2	Closing 2/3
Lesotho Foundation	£6.5m	3	2	3	Closing 3
Luanda Urban Poverty Programme	£1.7m	2	2	x	Closing 2
Total Other	**£51.6m**				

Source: DFIDSA

Notes: 1. The scores are those from the DFID Output-to-Purpose Reviews in which a score of 1=purpose is likely to be achieved, 2=likely to be largely achieved, 3 = likely to be partly achieved, X=insufficient data/too early to judge.

2. PiP indicates where a Project Improvement Plan has been activated to address weaknesses in performance.

Resilient Livelihoods

4.17 Projects and programmes addressing this theme with a regional focus are the Regional Hunger and Vulnerability Programme (RHVP), the Trans-Boundary Water Resource Management Programme (TBWRMP), the Regional Climate Change Programme and the support for the SAT together with the following health and AIDS interventions: Southern Africa Regional Programme on Access to Medicines and Diagnosis (SARPAM), Regional Approach to HIV/AIDS, Children and AIDS Regional Initiative (CARI) and the regional aspects of the Behaviour Change Communication (BCC) interventions.

4.18 Interventions with a South Africa focus are SACED, Urban LandMark, the Consolidation of Municipal Transformation Programme (CMTP) and the Khanyisa, Imbewu and National Department Education Projects. Health and AIDS interventions are the HIV/AIDS Multi-Sectoral Programme, including the RRHF.

4.19 Resilient Livelihoods inherited a diverse series of pre-2006 projects from the South Africa programme with few new initiatives and with ambitions in energy and tri-lateral cooperation not implemented. The aborted joint land reform intervention with Belgium has value in demonstrating opportunity and management costs in thinking through new modalities, such as delegated cooperation in sensitive areas.

4.20 The concept of region is not clearly articulated within Rural Livelihoods and the more recent focus on 'region-first' in thinking about future engagement has lost the multi-country nuances required across countries and across issues. There has been limited direct DFID engagement with SADC – except for chairing the SADC Food Security International Cooperating Partners (ICP) Group and attendance at SADC Water ICP meetings – where there was delegated cooperation with GTZ. DFIDSA has been much more proactive in HIV/AIDS and can take a great deal of credit for the profile of SADC's response to HIV/AIDS and SADC's stance on the epidemic. Aside from AIDS, there is little evidence of a strategic approach towards engaging regional institutions (including SADC) around the resilient livelihoods and vulnerability agenda.

4.21 There appears to be no evidence of DFID engaging in agriculture issues in SADC, despite chairing the ICP group on food security. With no CfA calls for a particular emphasis on agriculture there is no regionally coherent approach; it is more opportunistic. DFIDSA identified sectors for intervention, but did not follow-through with sector-specific studies from which to justify and strategically locate itself. There has been an indirect and relatively small capacity building contribution in SADC via the RHVP's placement of TA to work on the Vulnerability Assessment and Analysis. Climate change has been late in implementation, with no work on safe-guarding the environment, except the delegated cooperation with GTZ on support to formation of river-basin organisations.

4.22 The bilateral projects with South Africa were all inherited from before 2005 and seem to have been seen and managed as if in the process of exit. These remnants of support to governance (CMTP), education, Urban Landmark and SACED will be closed by 2010. This may result in lost opportunities to build on some valuable elements of these programmes as entry points into relevant regional work (e.g. SACED research on social protection and HIV/AIDS).

4.23 DFIDSA could have learnt from a politically-aware distillation of the priority issues that are of concern to South Africa from a regional perspective and an analysis of its own added value and limitations with respect to its contributions. In addition, DFIDSA could also present an argument for how it could add something beyond money – modalities, TA, expertise etc. This could include the development of clear focus areas, with one or two strong senior relationships with key role-players and a re-assertion of its reputation for good knowledge, expertise and a flexible approach.

4.24 The strategy was effectively a 'retrofit' to make an argument for existing or pipe-line projects. No new bilateral projects were implemented post 2006. That said, food security, water and climate change are important at regional level. However, the regional strategy did not effectively articulate the case for 'how, where and what' within each sector – and with which countries as lead champions, in its regional approach. The absence of an explanation of why there should be no engagement in agriculture is puzzling and the intended use of tri-lateral engagements, whilst relevant, is a difficult and complex means of regional entry.

4.25 Whilst there was no overall strategy articulated there are some good project-specific outcomes. For example, SAT plays a key role in promoting regional civil society voice and elevating pro-poor perspectives in regional policy engagement (see Box 5); RHVP contributed to promoting improved appreciation of the positive role of cash transfers as an alternative to direct food aid; and the TBWRMP will establish river-basin management institutions over the long term.

Box 5 Strengthening Regional Institutions

The careful and deliberate process of establishing the Southern Africa Trust is a best-practice case-study whereby a special-purpose vehicle was constructed to fill an identified need.

This DFIDSA initiative has made a highly significant contribution towards, 'strengthening the capacity of civil society to engage in regional policy processes and make them responsive to the needs of the poor'. Key success factors include SAT being largely autonomous from DFID and primarily accountable to a Board that Southern African civil society regards as highly credible.

It is interesting to note reports that the success of SAT in successfully lobbying SADC for formal civil society representation in the Mauritius Poverty Summit had the unanticipated effect of some donor countries seeking to exclude civil society from their discussions with SADC.

Through the placement of an RHVP advisor in the SADC Vulnerability Assessment and Analysis Programme, DFID has contributed to, 'strengthening the capacity of regional institutions to deliver on AU-NEPAD objectives on food security.'

4.26 This portfolio suggests that there needs to be a re-conceptualisation of 'resilient livelihoods' as an organising principle for DFIDSA that either spells out, in more detail, what it means in the Southern African context; or rejects the term and focuses on issues of vulnerability and exclusion.

4.27 The Health and HIV/AIDS priorities set out in the Regional Plan are unequivocally regional in their vision. HIV/AIDS has been a separate area of engagement without connections to a wider analysis of vulnerability and exclusion. The decision not to implement a more holistic approach left a somewhat fragmented set of activities with no coherent health connections. These included the support through the GoSA, the behaviour change communications programmes, regional support to UNAIDS and UNICEF and the related support to UNICEF's CARI shown in Table 9 as a livelihoods programme focused on Orphans and Vulnerable Children (OVC) but essentially an AIDS response. The only other current significant health programme is SARPAM.

4.28 Within South Africa there was a debate as to whether or not there should be a multi-sectoral or health-based response to HIV/AIDS and the multi-sectoral approach (MSA) was adopted. This coincided with a political questioning of evidence-based HIV/AIDS responses so the MSA design became inappropriate (see Box 6). This led to a shift towards a more health-based HIV/AIDS approach and successful previous interventions, notably with the Department for Social Development which were dropped. The focus was turned back onto HIV/AIDS with a clear regional and health perspective.

Box 6 Responding Rapidly to Support a Change in Policy

GoSA's policy shift to adopt a non evidence-based response to HIV/AIDS was a serious constraint for DFIDSA and its effects are difficult to underestimate. When the Minister of Health closely associated with this shift was replaced, DFIDSA was, in the words of other development partners and senior Ministry of Health (MoH) officials, 'courageous and strategic' in its prompt establishment of the Rapid Response Health Fund (RRHF).

The RRHF was effectively a flexible fund for the new Minister, to consolidate her position and strengthen advocacy for evidence-based and international best practice based policy. To an extent, the emerging development of an evidence-based policy within the MoH can be attributed to this opportunistic and wise investment.

Several development partners expressed admiration for this bold step, regretting that their own institutional systems made them unable to respond so swiftly and flexibly. As for the GoSA, the Minister herself said that it was, 'Like the difference between night and day.' The Deputy Director General for Strategic Health Programmes, described the RRHF as a, 'Key intervention that assisted MoH in communicating new direction to its development partners'.

4.29 The flexible and focused approach has kept DFIDSA at the forefront of HIV/AIDS advocacy and change within South Africa and the region. Engagement at SADC and within South Africa demonstrated skill and commitment, though not always in ways that ensured learning for DFIDSA. The RRHF was a well-timed, prompt and appropriate catalytic aid instrument to support evidence-based HIV/AIDS programming. The vision and flexibility of this funding catalysed a change of direction within the MoH. The timing of this intervention made the value of the funds contributed 'vastly more effective than their monetary value'.

4.30 On regional support to HIV/AIDS there was good progress with UNAIDS (but less so with UNICEF[79]). Whilst UNAIDS and UNICEF capacity to enable full implementation of the '3 ones' in the region was strengthened[80], there is no evidence that the Outputs of (1) reduction in HIV infection rates; (2) increased access to treatment, care and support; and (3) enhanced protection for children affected by HIV/AIDS were met. There is more evidence that Output 3 was met through the OVC interventions of CARI.

4.31 The funding of regional BCC interventions was an easy decision given the success of earlier programmes. Linking a diverse group of implementing partners was criticised but the process appears to be working. Here, as elsewhere in relation to AIDS, the clarity of vision and direction built trust and confidence that facilitated other processes.

[79] PCR June 2006.

[80] PCR June 2006.

4.32 The Support to CARI has been successful across the region and scored a 2 in the 2008 Project Completion Report. An informal but effective partnership between like-minded agencies working with OVCs has been established (it includes AusAID, SwissAid, Irish Aid, USAID, the EC and DFID). This is predominantly a development partner forum and the UN agencies and implementing NGOs and CSOs are excluded from any discussions that may cover contracting. However, this group is a good example of informal but effective harmonisation amongst development partners.

4.33 Experiences in other areas of health engagement have been less positive. Despite identified outputs in terms of TB and malaria morbidity rates, DFIDSA has not engaged well nor ensured synergies with other interventions. SARPAM was designed during the evaluation period, but is yet to be implemented, though an inception phase has been agreed (£1.5m). It is clearly based on a Regional Plan priority, but so far there has been no progress on harmonised drug policies in the region. Within DFIDSA, it is seen as partly driven by a need for health projects to, 'be more regional, like the trade projects' and externally there is a view that without a regional policy and regulatory framework it will be unworkable.

4.34 In contrast with the AIDS experience, senior SADC officials expressed the view that regional drug procurement plans had been insufficiently discussed by DFIDSA who were found to have been increasingly 'distant' since 2006. SADC have lost some confidence in DFIDSA and feel that the inception phase exposes SADC to political risk; if the inception phase fails, DFIDSA need not proceed, but SADC will be left to manage the potential disappointment and fallout among the member states. Closer cooperation and more trust might have and could still, mitigate this risk.

Growth

4.35 The MMW4P approach was never translated into a proper strategy. It would have benefitted from further documentation of the context and conceptual elaboration of how the programme could best respond in terms of a plan of action. However, the work in 2004 guided the design of the five programmes ComMark, FinMark, Urban LandMark, the EPP and the RTFP that were seen as key elements to making markets work for the poor.

4.36 In terms of programme level performance:

- FinMark is considered highly successful in making financial markets work for the poor.
- RTFP is considered highly successful at regional integration and trade facilitation.
- EPP is considered an under-estimated success with many policy research and tripartite dialogue results now being tabled in the Presidency.
- ComMark (including Urban LandMark as a sub-component) is deemed less successful, mostly due to management problems. However, many of the ComMark projects delivered outstanding development work.

4.37 The analysis in the 2002 Strategy Paper focused on poverty alleviation in the Southern Africa region. The MMW4P was an approach that could be developed to address Southern African poverty and therefore relevant. Coherence was strong as the five programmes were established to address all aspects of market improvement with a pro-poor focus. However, without a clear strategy and with a degree of retro-fitting of the MMW4P approach it is difficult to assess the potential to deliver.

4.38 The 2006 Regional Plan saw a shift in emphasis from a private sector approach, focused on employment creation and interventions to open markets to the poor, to a more public sector approach to creating and enabling growth, particularly through trade and investment. In part, the shift related to the skills and perspectives of the team and in part it was a response to the growth arguments in the CfA, the drive for investment post the G8 Summit and the encouragement within DFID to take a stronger regional focus.

4.39 The plan developed the successes of the ongoing RTFP, again tending to retro-fit a strategy to a successful programme. In itself, this demonstrates a flexibility and willingness to learn. However, the emphasis on trade and the reliance on a substantial single intervention modality was a high risk approach[81]. In practice, trade and the RTFP model became the preferred approach. FinMark, ComMark and EPP[82] were seen as not congruent with the Regional Plan and, though still relevant to the needs in South Africa, their coherence and contribution were undervalued.

4.40 The ComMark Trust has been criticised for not understanding the objectives of the programme, delivering on a regional programme nor connecting project level activity and policy analysis. It is a country level intervention that would work on a multi-country basis but does not lend itself to a regional programme approach.

4.41 FinMark has been innovative in the financial markets sector in South Africa where DFID was able to provide the right vehicle under perfect circumstances, with the political economy perhaps dictating the direction of the programme. The significant result is a financial sector that takes due consideration of impacts on the poor and considers their needs in designing products and services. The FinMark model is now to be replicated at regional level. This could be successful, but the model may be more conducive to a multi-country approach. There are regional players, including the SADC Committee of Central Bankers and the South African banks, which are keen to extend the African footprint and could therefore be in favour of making financial markets work for the poor in Southern Africa.

4.42 The Employment Promotion Programme (EPP) has shown that a sound independent entry point that is able to function 'below the radar' and away from the pressure of donor attribution can achieve significant political leverage. Box 7 outlines how this has been achieved.

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[81] All previous integration agendas in Southern Africa had failed. Governments sign up to treaties but fail to implement. OSBP risky as domestic legislation needs to be changed. The process took much longer in Zambia than anticipated.

[82] ComMark is being closed, interviews with DFIDSA advisor suggest that FinMark's future not stable, success of EPP not given priority in interviews.

Box 7 Policy Influence in a Middle Income Country – the EPP Experience

The labour sector in the South African political economy is sensitive and heads the agenda of the national debate. A programme designed to influence this sector had to be close to the South African government and not have an obvious link to a donor. The EPP has achieved this being based at the University of Cape Town's (UCT) Development Policy Research Unit (DPRU). This gives it independence and allows for sound research that takes a progressive approach. The programme facilitates debate between the three spheres of influence in the economy - business, labour and the government.

In addition the EPP has an oversight role over two additional DFID programmes, the Second Economy and the Community Works Programme, the results of which are currently being debated at the highest level in South Africa. The current presidency under Jacob Zuma has made job creation one of its key targets and therefore it is considering the results of these two research programmes in their internal policy making processes.

The unassuming way in which the EPP facilitates the tripartite dialogue has enabled a level of engagement that is unique. Before the EPP, the three spheres did not engage in a constructive way with one another on labour issues. Under the EPP, they sit informally and discuss issues of critical importance without close scrutiny by the public and with trusted research to back up their discussions as provided for by the EPP.

In addition, the programme has strong institutional building results. The UCT and its staff have been given an opportunity to build expertise and regard through the EPP. Staff at the DPRU are regularly being used by the President for policy advice and consulted regionally and internationally on national, regional and international labour issues.

Not enough credit is being given or communicated to DFIDSA or to London. The reasons might be one of attribution and the showing of tangible results. The programme does not have a large budget and is managing to work effectively without much input from the responsible advisor. A strategy for donor engagement in a MIC, where funding is not necessarily the key constraint for the government, should consider EPP-type engagement as an effective way of assisting the country to reach its development objectives.

4.43 The flagship success of the trade element within the Growth and Trade Theme is clearly RTFP. It has a string of successes, the most significant of which is the support to the tripartite process between the three RECs (COMESA, EAC and SADC) that has laid the foundations for TradeMark as a more institutionally grounded successor for inter and intra regional trade related investment and development. Other successes include:

- establishing one one-stop Border Post
- commitments made at World Trade Organisation level on Least Developed Country access and progress in EPA negotiations, Rules of Origin work with ACP Secretariat
- commodity initiatives: work with existing producers has ensured continued production as well as increase in market share in some cases
- COMESA Aid4Trade Implementation Plan and Strategy.

4.44 These successes are largely due to RTFP management having a large degree of flexibility. However, the reliance on individual drive and commitment without sufficient institutional engagement can put enterprises in jeopardy. The RTFP management point to the importance of support from DFIDSA. The flexibility and political access used by DFID at the launch of TradeMark is a benefit of that support. However, providing a robust institutional infrastructure for the delicate relationship building of the Tripartite requires more consistent support. A further success was the Regional Standards Programme (RSP). See Box 8.

Box 8 Regional Standards Programme – A Programme Designed from Strategy to Output

The development of RSP followed a logical and strategic process. A clear strategy existed within which to frame the programme. Two out of the four areas of suggested intervention in the Regional Plan mandated DFIDSA involvement in the setting and attaining of standards in Southern Africa.

DFIDSA developed a relevant programme and in design made sure that it was be grounded in global strategies[83] and processes and ongoing DFID and DFIDSA work. The RSP outputs were:

Public standards: low income Southern Africa countries improve their grades and standards infrastructure and facilities

Private standards: the Southern Africa region increases its ability to comply with private industry grades and standards

Voice: Southern African interests are reflected in decisions by international standard setting bodies

Communication: Ongoing communication about best practice is based on implementation experience in DFID London standards programme and other research

Peace and Security

4.45 The Peace and Security Theme was not financed through the DFIDSA budget nor was it substantially staffed as part of the DFIDSA complement. It was taken forward under the Africa Conflict Prevention Pool (ACPP) with an annual allocation of £6-7 million which included the financing for the Regional Conflict Adviser (RCA), who was based in DFIDSA.

4.46 The ACPP was established in 2001, as a joint DFID, Foreign and Commonwealth Office and Ministry of Defence initiative, to bring together the UK Government's development, diplomacy and defence expertise in conflict prevention and peace building in Africa. In 2008, the ACPP was merged with the Global Conflict Prevention Pool to form a single Conflict Prevention Pool. The ACPP, however, retains its own identity but budgets and areas of focus have been amended. Southern Africa had the lowest ACPP budget of the four Africa geographic regions. In 2008, the regional allocation to Southern Africa was substantially reduced including the post of RCA. ACPP allocations are approved jointly by the three departments with one taking lead responsibility. DFID was the lead department for grants in Angola and Zimbabwe but not for South Africa. Expenditure was not necessarily congruent with DFIDSA's own strategy.

[83] Nepad Comprehensive Africa Agriculture Development Programme; EC Standardisation, Quality Assurance, Accreditation and Metrology; USAID Partnership for Food Industry Development – Fruits and Vegetables; UK White Paper; Commission for Africa; Action Research – DFID London Policy Department; WTO Standards and Trade Development Facility – DFID London; Regional Trade Facilitation Programme – DFIDSA.

4.47 Southern Africa has little conventional violent conflict, but the region faces many underlying political and socio-economic issues which, particularly in combination, have the potential to threaten stability. Political exclusion, the impunity of ruling elites, inequality, migration, crime, poverty, poor service delivery and the effects of climate change and HIV/AIDS are as much a threat to peace, security and development as geo-political issues.

4.48 The majority of ACPP resources were invested in building the peace support capacities of countries in the region. This was mostly, but not exclusively, military peace support training for South Africa, Mozambique, Malawi, Botswana and Namibia. A small, but increasing, amount of this work was designed to help SADC play an improved role in promoting peace and security in the region and across the continent. Other ACPP funding was invested in; promoting the civilian dimension of peace support through national training centres; conflict prevention work, particularly in countries recovering from long conflicts such as Angola and Mozambique; and governance in Zimbabwe, in an effort to preserve democratic space and support the electoral process.

4.49 For historic and political reasons the development partners with an interest in peace and security are politically unacceptable to SADC and relations are therefore not favourable to direct support for SADC's Department of Politics, Defence and Security. SADC has only recently established a Thematic Group working on peace and security, led for the partners, by Austria.

4.50 The Pool also funded analytical work which helped to inform responses to, for example, the apparently xenophobic violence in South Africa in 2008 through civil society and academic institutions. The ACPP sub-regional strategy was revised in 2008. It moved the emphasis towards human security; and introduced a line of activity centred on civilian-led post-conflict reconstruction as advocated in the DFIDSA 2006 Regional Plan. Unfortunately, the funding for the ACPP in Southern Africa was cut before this work began.

4.51 DFIDSA support was limited to the hosting of the RCA. When requests from other UK Government actors in the region or from London relating to peace and security arose, they were referred to the RCA. To a large degree this meant that many partners mistook their engagement with the RCA for a relationship with DFIDSA. Whilst conflict, peace and security are now more embedded in DFID policy this was less the case during the evaluation period. Aspects of human security, related governance activity and support for civil society voice were seen as integrated within the DFIDSA programme. The ACPP programme was focused on a narrower set of conflict-related activities and primarily worked through country relationships with defence and security forces rather than through SADC. The Regional Plan Peace and Security Theme does not, therefore, seem to have been realistic in its expectation that the ACPP programme would be congruent with it and provide a vehicle for this area of engagement.

Summary

Box 9 Summary – DFID Southern Africa Portfolio

A large proportion of the programme pre-dates the Regional Plan with projects that had been designed to address other strategic aims. Much of the resilient livelihoods portfolio in particular was diverse and covered a wide range of sectors. This situation was exacerbated with a virtual hiatus in project approval in the 2006-2008 period. As a result the first generation of Regional Plan delivery activities are only just coming on stream.

However, many of the programmes made positive contributions, often at country and/or multi-country level. This ran counter to the regional thrust of the plan and contributed to the push and pull of competing (though potentially complementary) strategic debates within DFIDSA over how, who, with what/whom and where best to intervene in addressing poverty at a regional level. Thus whilst there were some excellent examples of good practice they did not effectively deliver synergies at theme or programme wide levels and the programme became disconnected at output level, both vertically and horizontally.

5. Development Results

Introduction

5.1 This chapter gives an assessment of progress against the targets set in the 2006 regional plan and identifies other outcomes achieved. DIFDSA's approach to monitoring, the MTR of the Regional Plan and the more recent implementation of the results framework are discussed. Finally the evaluation questions related to development results are reviewed and the overall findings with respect to development results summarised.

Impact Targets in 2006 Regional Plan

5.2 The Regional Plan of 2006 was the first real attempt by DFIDSA to give shape and direction to its vision of becoming a regional office based in a MIC. The plan tried to explore ways in which its South Africa work could feed into the region and where the areas of greatest impact would be for a regional programme. The targets in the plan are given in Box 10.

Box 10 Targets for Impact of DFID Investments

The 2006 Regional Plan set specific targets in each of the three key focal areas that by 2010:

Growth, Jobs and Equity (supply side trade, regional transport infrastructure)

1. 30% increase in local sourcing of South African supermarkets (supply side trade).

2. Regional government concerns reflected in approach to standards setting by international bodies (supply side trade.

3. 5% increase in horticultural exports (supply side trade).

4. 30% decrease in waiting times at one-stop border posts (supply side trade).

5. 25% reduction in transport costs for landlocked countries (transport infrastructure).

Resilient Livelihoods (food security, water, climate change, infectious diseases)

6. 10% of predictable hunger needs being covered (met) in at least three countries (food security).

7. Strengthened river basin authorities managing regional water resources more effectively and sustainably and more responsive to the demands of the poor (water).

8. Enhanced regional capacity and strategies in place to manage the impact of climate change on poor people's lives (climate change).

9. 50% reduction in malaria related mortality (infectious disease).

10. 50% increase in TB detection and successful treatment (infectious disease).

11. Reduction in HIV infection rates; increased access to treatment, care and support; enhanced protection for children affected by HIV/AIDS (infectious disease).

12. Harmonised policies on HIV and health implemented across the SADC region; regional drugs programme improves the quality, safety and affordability of medicines, particularly for priority diseases.

Peace and Security

13. Significant reduction in risk of peace agreements failing in post conflict countries and new conflicts emerging (infectious disease).

Growth and Trade Targets

5.3 Despite the trade and growth theme lending itself towards a regional programme, the impact targets defined in the 2006 Regional Plan were not adequately thought through. With perhaps the exception of the third and fourth targets, the targets are not easily measurable and are influenced by external factors that would not be under the control of any one DFID programme. As such, attribution towards achieving the targets to DFID investment and intervention is problematic.

5.4 DFID's two key interventions were the Regional Trade Facilitation Programme (RTFP) and the Regional Standards Programme (RSP). The RTFP logframe was revised in 2007 to iron out some initial problems and also to incorporate the objectives and targets of the Regional Plan. RSP was established as a result of the Regional Plan.

Regional Standards

<u>Output 1</u>: 30% increase in local sourcing by South African supermarkets

5.5 **Not achieved**. The DFID focus was on the quality of internationally recognised standards of local produce which is only one of the many elements influencing sourcing by supermarkets.

5.6 The target was, however, adapted in the RSP logframe to, 'Increase local sourcing by 30% by 2010 by businesses or products supported by RSP'. The RSP reports increases in tonnage produced and sold, but it does not give percentage increases. It is unclear whether these increases should be calculated on a product-by-product basis or on an overall achievement of all sourcing of South African supermarkets. The RSP has had successes with international supermarkets increasing their sourcing from Southern Africa, but less so with South African supermarkets[84].

5.7 Whilst the RSP has been doing relevant and worthwhile work, the target is not applicable to the RSP's work and does not provide a basis for measuring outcomes or identifying attribution. An unintended outcome is that staff have become frustrated and disillusioned by reviews as they are criticised for not reaching an unobtainable target.

<u>Output 2</u>: Regional governments' concerns reflected in approach to standards setting by international bodies

5.8 **Partially achieved.** This target was written into the RSP logframe as 'Voice - Southern African interests are reflected in decisions by international standard setting bodies (ISSB)'. Again the target is difficult to measure.

5.9 The RSP has claimed progress towards this output with the increased participation of Southern African countries in the ISSB. Recent evaluations of the programme have pointed out that this is not sufficient progress. The RSP has been encouraged to target specific issues of concern that cause impediments to Southern African exporters and to be more selective in where it encourages Southern African governments to participate.

5.10 The RSP is still a relatively young programme and is currently being dogged by the move from ComMark to TradeMark. Given its excellent start it is, however, expected that the programme will be able to deliver on the spirit of its objectives if not the targets identified.

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[84] RSP Annual Review. October 2007.

Regional Standards and Regional Trade Facilitation

<u>Output 3:</u> 5% increase in horticulture exports

5.11 **Partially achieved.** The Regional Plan is vague as to the exact intention of this output. The target relates to specific country level increases in exports yet the plan proposes multi-country working which causes confusion. In addition the target does not specify the direction of this increase in exports, whether it is within the region or to traditional trade partners in Europe.

5.12 However, the target was taken up, in limited ways, by both the RSP and the RTFP. The RSP aimed to show a, '10% increase in exports of specific products supported by RSP within the target sectors by South African industry and supermarkets.' The RSP has been supporting the export of some fresh produce and can show increased production figures, but again the measurement is not attributable due to the lack of clarity on what the calculation should be based on.

5.13 The RTFP adopted the target of, 'increased participation by local communities in the production and export of selected pro-poor commodities[85]'. This interpretation shifts the emphasis of the increase in export to poor communities participating in the production of pro-poor commodities, which are not necessarily even horticultural products. The RTFP can show increases in production of products like coffee, tea and some natural products. However, it does not speak directly to the target as set out in the Regional Plan.

Regional Trade Facilitation

<u>Output 4:</u> 30% decrease in waiting time at one-stop border posts

5.14 **Achieved at selected one-stop border posts.** The RTFP adopted this target and has made significant progress towards achieving it at the one-stop border posts of Chirundu and Lebombo. Average waiting times are determined by the speed and efficacy of border controls, which can be influenced by a single intervention from a single programme. The Regional Plan does not indicate how many one stop border posts should be established. The RTFP has been working on at least three but has made little progress at Machipanda.

<u>Output 5:</u> 25% reduction in transport costs for landlocked countries

5.15 **Largely achieved.** Transport costs for landlocked countries are determined by time spent in transit, which in turn depends on the quality of the road, the volume of traffic on that road and administrative and waiting-time related costs at border crossings. The RTFP had given the target more specific definition by aiming to reduce, 'the time and administration costs of transport along the North South Corridor by up to 10% by the end of 2009'. This is less than half of what the Regional Plan had anticipated.

5.16 Nevertheless, the RTFP has made progress in achieving this target. The 2008 Review complemented the RTFP on the, 'exemplary progress made since July 2007, notably on identification of physical and regulatory bottlenecks to efficient multimodal functioning of the

[85] RTFP Logframe Including Regional Infrastructure (Revised 7th September 2007).

North-South corridor; forward planning for increased load demand from mining and mineral sectors; development of a unique GIS database; and facilitation of donor cooperation'[86].

5.17 Whilst progress is notable and impressive it remains difficult to attribute a certain percentage of cost reduction to the RTFP intervention. The RTFP budget also did not allow for improvements in road quality. The RTFP has now been closed and has been replaced by TradeMark. It is expected that TradeMark will be able to build on the RTFP success and achieve the Regional Plan objectives.

Resilient Livelihoods

Food Security

Output 6: 10% of predictable hunger needs being covered (met) in at least three countries in the region

5.18 **Not achieved.** This non-SMART target[87] was not adequately formulated and did not speak to the thrust of the RHVP intervention. RHVP, however, did contribute in improving the 'predictive' capacity of the SADC Vulnerability Assessment Centre through the placement of TA within the SADC centre. This side of the RHVP intervention contributed to advanced warnings and ensuring availability of food in areas where shortages were likely to occur.

5.19 RHVP further contributed in shifting the policy mindset of Southern African governments and key multi-lateral and donor role-players to recognise the benefits of cash transfers as a more holistic means of addressing problems of access to food by affected poor people within the region. The research, the knowledge management, advocacy, website and general elevation of this issue across the region made an important contribution.

5.20 DFIDSA has decided to close the RHVP in 2010 on the grounds of it being a less-than-ideal modality for engagement in food security. DFIDSA is exploring other options for support to food security, including the provision of TA to the SADC Secretariat. However, clear vision and leadership within DFIDSA on the future strategy in this important area are not apparent.

Water

Output 7: By 2010 strengthened river basin authorities managing regional water resources more effectively and sustainably and more responsive to the demands of poor people.

5.21 **Partially achieved.** This output is addressed through a delegated cooperation run by GTZ and DFID. The establishment of River Basin Organisations (RBOs) is recognised as a priority and SADC is seen as the key focal point for coordinating and supporting this set of multi-country

[86] Prism Report. RTFP Annual Review 2008.

[87] i.e. not Specific, Measurable, Achievable, Realistic, Time-bound.

engagements. The theory is that the RBOs will be implementing (in the future), with SADC providing facilitation and capacity development support. As of October 2009 there are three nascent RBOs that are operational and others in the early stages of the process[88].

5.22 SADC Water is donor-crowded, with $100 million 'waiting' in donor commitments to a very bureaucratic secretariat[89]. The EU is pulling out; USAID and Sida are reducing their commitments.

5.23 The 2006 Regional Plan output target and the target in the 2009 framing paper do not respond to the baseline and context. The proposed 2009 target is: 'At least five RBOs have the authority and ability to deliver improved water resource management'. With no legally existing RBOs this will take time. If DFID seeks to determine attribution within a delegated cooperation over the next contribution period, the targeting of the contribution will need to be more precise.

Climate Change

Output 8: By 2010 enhanced regional capacity and strategies in place to manage the impact of climate change on poor people's lives.

5.24 **Not achieved**. A South African-based consulting company won the bid for a, 'broadly-described tender' (£7.2 million) to address this output. The nine-month inception and identification phase in 2008 effectively defined the brief. This was followed by a six-month hiatus during which DFID asked multiple questions and delayed approving implementation. Implementation began in April 2009, with a focus on building the capacity of Southern African negotiators to engage in the Copenhagen climate talks process.

5.25 It is too early to comment on impact. The implementing agency, One World, indicated that the delays had significantly limited their planned interventions in preparing Southern African countries for the Copenhagen process. The original project aim was to support the development of a consensus position among SADC member states for Copenhagen. One World does have an MoU with the SADC Secretariat in providing funding for capacity building activities on climate change in SADC. The targets set in the 2009 framing paper are however unrealistic:

- a regional climate change policy to adapt to climate change is implemented in four countries
- South Africa reduces its energy consumption by 20% by 2012.

5.26 At the time of the evaluation the South African government saw any proposal for the development of a common SADC negotiating position on climate change as politically challenging and undermining of the development of a broader continent-wide position. There is no formal SADC initiative in this regard. There was a risk that DFID could become 'exposed' as supporting sensitive work that in the perception of one South Africa informant 'serves to further divide rather than unite Africa'.

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[88] One has legal status and is receiving membership fees; two others have advisory bodies and there are a few that have employed secretariat backing. However, target has not been met – and the future one being set in the 2009 framing paper will not be met in the next period either.

[89] Reported by the Chief Technical Adviser to the Danish Regional Water Programme.

5.27 The training of multi-lateral negotiators is recognised by some governments in the region as a highly sensitive matter. DFID is recognised as a key player with strong self-interests in the climate negotiations and there is a risk that this project could become increasingly politicised. The One World engagement is seen as weak and largely irrelevant by the South African Government, more because of context and positioning, than the quality of science and argument. The key factor that is lacking is political endorsement for the training at the level of SADC states – not an MoU with the SADC Secretariat.

Health – Infectious Diseases

Output 9: By 2010 50% reduction in malaria-related mortality

5.28 **Partially achieved.** Of the ten countries in the Roll Back Malaria (RBM) Southern African region, four reported 70%; 2, 30%, one reported no change and two reported increased in morbidity from 2000-2006, in malaria specific morbidity. In addition three SADC countries have maintained malaria-free status (Mauritius, the Seychelles and Lesotho).

5.29 In Sub-Saharan Africa, under-five mortality is an important indicator of the burden of malaria. DFID's Regional Support for RBM and Integrated Management of Childhood Illnesses programme in Southern Africa contributed to the impressive progress towards this Output. Overall, under-five mortality rates were slightly reduced although this reduction falls far short of the projected target[90].

5.30 Figures are not readily available for mortality in other age groups and for other communicable diseases. Mortality rates are very variable across countries and have been affected dramatically by HIV/AIDS, especially in Southern Africa.

Output 10: By 2010 50% increase in TB detection and successful treatment

5.31 **Not achieved.** There is no evidence that DFID has contributed to an increase in TB detection and successful treatment, neither of which are included in the logframes of the Regional Approach to HIV/AIDS and Support for Regional STD/HIV Programmes.

Output 11: By 2010 reduction in HIV infection rates; increased access to treatment, care and support; enhanced protection for children affected by HIV/AIDS

5.32 **Partially Achieved.** The region has seen overall declines in HIV incidence. The latest data from UNAIDS estimates that the *prevalence* of HIV/AIDS (the number of people living with HIV/AIDS (PLWHA)) rose slightly in 2008, this was due to the expanding coverage of Antiretroviral (ARV) drug treatment and improved survival of PLWHA. By the end 2008, 44% of adults and children in the region in need of ARV therapy had access to treatment. Five years earlier, the regional treatment coverage was only 2%. However, the *incidence* of HIV infection (the number of new infections) declined in the region: for adults (15–49) it declined from 5.8% in 2001 to 5.2% in 2008. Although it is not possible to attribute these positive trends directly to DFID programmes, they will certainly have contributed; many interviewees from the MoH, SADC and NGOs concurred with this assessment.

[90] MDG Progress Report 2007 reports a reduction of about 10% from 185 per 1,000 live births in 2000 to 166 per 1,000 live births in 2005.

5.33 The Soul City Regional and South Africa programmes have made impressive progress in reaching SADC countries with their high quality Behaviour Change Communication (BCC) messages. 15% of the population reached across Southern African countries show positive behavioural changes, 20% had increased knowledge of HIV/AIDS and 15% showed improved attitudes towards those infected by HIV/AIDS.[91]

5.34 The RRHF Preventing Mother-to-Child Transmission (PMTCT) pilot also contributed through the successful implementation of PMTCT in seven districts, as well as supporting significant policy changes that contributed to the sea change in the national response to HIV/AIDS.

5.35 The CARI programme is having an impact on policies and programming through strengthening national capacity and the responses of communities and increasing access to basic services for children. There had been an increase in the numbers of vulnerable children receiving assistance, much of which is attributable to CARI interventions, including the expansion of Neighbourhood Care Points in Swaziland to reach 50,000 vulnerable children and extending coverage of the child support grant in South Africa.

Output 12: By 2010 harmonised policies on HIV and health implemented across the SADC region; regional drugs programme improves the quality, safety and affordability of medicines, particularly for priority diseases

5.36 **Not achieved.** DFID contributed significantly to the profile of SADC's response to HIV/AIDS (paragraph 4.29) and progress has been made. However, harmonised policies are yet to be developed across the region. The regional drugs programme, SARDAM is yet to start (paragraph 4.31).

5.37 Whilst regional drug procurement is a good idea, a step-wise process approach, building SADC and member states' confidence and starting with regional agreements on drug licensing, limited lists, generic drugs, drug quality monitoring and regional drug policies would be more appropriate and more likely to build a trusting partnership with SADC.

Peace and Security

Output 13: Significant reduction in risk of peace agreements failing in post-conflict countries and new conflicts emerging.

5.38 **Partially achieved.** Conflicts have continued in the region; however regional mechanisms (SADC, South Africa) have kept them in better check. Zimbabwe is an exception and the region's handling of other crises, for example, Lesotho and Madagascar, has been better than it might have been five years ago. The SADC Court and the SADC Parliamentary Forum are performing relatively independently, so there are grounds for cautious optimism on the institutional front. Southern African civil society and media outlets are doing a better job of exposing poor governance and holding governments to account. So, some peace agreements that might previously not have worked, now stick thanks to sub-regional oversight.

5.39 The overall assessment of progress towards all 13 outputs is summarised in Box 11.

[91] Soul City Regional Programme PCR, Sept 2007.

Box 11 Summary of 2006 Regional Plan Results

Growth, Jobs and Equity (supply side trade, regional transport infrastructure)

Output 1: Not achieved. Ill-defined target, not SMART or related to DFIDSA interventions.

Output 2: Partially achieved. Insufficient time for interventions to deliver fully.

Output 3: Partially achieved. DFIDSA interventions have contributed but the target is not clear or specific enough to assess direct contribution.

Output 4: Achieved at selected locations. Target not specific on numbers.

Output 5: Largely achieved.

Resilient Livelihoods (food security, water, climate change, infectious diseases)

Output 6: Not achieved. Ill-defined target not SMART or related to DFIDSA interventions.

Output 7: Partially achieved. Target over-ambitious. Related progress but not yet institutionalised.

Output 8: Not achieved. Intervention inappropriate and newer activities not yet in place

Output 9: Partially achieved. Variable change at country level; degree of DFIDSA attribution limited

Output 10: Not achieved. No related actions by DFIDSA interventions.

Output 11: Partially achieved. Despite successful programming limited attributable direct contribution to infection rates by DFIDSA though well performing interventions.

Output 12: Not achieved. Intervention only just beginning; may be inappropriately focused.

Peace and Security

Output 13: Partially achieved. Active regional mechanisms and strong civil society voice. Little DFID attribution though investment in civil society has provided critical support.

Monitoring the Regional Plan

5.40 At the core of the regional plan was the link to the CfA and the 2005 G8 Summit. The thirteen output targets reviewed above were based on the Summit communiqué. Other than these targets the plan lacked a monitoring framework. As shown in Chapter 4 there was no logical connection between the strategy in the Regional Plan and the interventions within the portfolio which largely comprised projects that preceded the Regional Plan. As a consequence, whilst performance at project level has often been good, there has been less progress towards the output targets.

5.41 In 2006 the 'infectious diseases' area of engagement was formally re-framed as 'Health and AIDS'. This effectively became a third theme, no longer linked to Resilient Livelihoods and replacing Peace and Security which continued to be largely focused on the ACPP activities. Work around the 2007 Business Plan suggests that it was used as an opportunity to refocus and reorient. One outcome was that the 'regional' and bilateral' programmes were integrated into the two main Regional Plan themes. Whilst this created a more integrated programme it did not address the weak linkages between the bilateral interventions and the regional outputs. There does not seem to have been an attempt to develop a relationship between programme implementation and the outputs or to establish effective ways of measuring progress.

Southern Africa Regional Plan Mid-Term Review

5.42 In late 2008 the MTR of the Regional Plan[92] provided an opportunity for a major stock-taking exercise. The initiative for the MTR was taken by the new Head of Office following the decision to extend the life of the Regional Plan.

5.43 The MTR reviewed overall progress. The view of context was relatively unchanged but key questions were raised over strategic direction. They related to the tensions in working with the RECs, relationships with the Africa Regional Department and other 'bilateral' offices and the degree of integration between DFIDSA's bilateral and regional programmes.

5.44 Many of the conclusions of the MTR at the thematic and engagement levels resonate with the assessment in this evaluation:

- Growth is reaffirmed as the organising principle for the **Growth, Trade and Investment Theme** with a focus on economic integration and the TradeMark as the lead vehicle.
- Regional trade and growth dominated the thinking though markets and participation by poor people remained to the fore.
- The **Resilient Livelihoods Theme** was seen as, 'fragmented initiatives, all based on different assessments making co-ordination hard'.
- There seemed to be a continuing debate between livelihoods and vulnerability as the organising principles for the theme. Better analysis of vulnerability and the integration of policies aimed at reducing chronic poverty were proposed with 'this analysis assisting the formulation of integrated policy – on health, social protection, food security and livelihoods that will in turn enable effective poverty reduction'.
- Water, Food Security and Climate Change were reviewed separately; the first two with a common SADC-related approach and the latter with a strong cross-Whitehall flavour.
- Health and AIDS (the infectious diseases area of engagement) focused on BCC, the Inter-Country Assistance and Support Programme and the emerging SARPAM. An MDG and targeted programme focus was evident.
- Governance, Peace and Security was, as discussed above, centred on the ACPP programme. It is acknowledged that the 'DFIDSA Regional Plan assumes that all governance, peace and security work will fall to the ACPP. But the ACPP is primarily engaged in a limited slice of conflict work'. The MTR concludes that 'DFIDSA has the opportunity to consider the strategic integration of governance, peace and security affecting poor people into its own regional programme'.

[92] DFID (2008b) *Southern Africa Regional Plan Mid-Term Review (MTR) Issues and Options*. Pretoria: DFIDSA.

- The MTR included a review of staff time on programmes which showed that advisory staff were spending less time on influencing and relationship building and more on programme management. A disconnect between programme spend and staffing levels, with Health (42% of programme value) resourced with the equivalent of only two full time staff was also identified.

Southern Africa Results Framework

5.45 The MTR began a period of reflection that led through to the current preparations for the next regional plan. This included the development of the Results Framework and the Gender Equality Assessment and Action Plan[93] in early 2009. The Results Framework is based on four aims related to the Regional Plan, especially the Growth and Resilient Livelihoods Themes and is aligned with DFID's Departmental Strategic Objectives (DSOs). The Results Framework comprises:

Goal: To reduce Poverty, Vulnerability and Inequality in Southern Africa

Aim 1: To promote stable and inclusive growth leading to enhanced incomes and employment for poor men and women in the Southern Africa Region

Outputs:

1. Enhanced intra-regional trade and increased participation of the Southern Africa region in global trade for the benefit of poor people.
2. Markets work better to increase incomes and generate employment for poor people (especially women) in the Southern Africa region.
3. Improved policies of regional and national governing institutions for promoting stable and inclusive growth in Southern Africa.

Aim 2: To reduce vulnerability amongst poor children, women and men in Southern Africa

Outputs:

1. Strengthened regional capacity to tackle cross-border aspects of vulnerability, instability and insecurity.
2. Enhanced capacity to manage the impact of climate change and other shocks on livelihoods in the Southern Africa region.

Aim 3: Develop effective global partnerships for development

Outputs:

1. Strengthened role of SA as an emerging power on tackling global development challenges
2. Strengthened capability, accountability and responsiveness of regional institutions to address poverty and inequality in the region
3. More effective and coordinated bilateral and regional donor response

[93] See para. 3.44.

Aim 4: Improve the efficiency and effectiveness of DFIDSA

Outputs:

1. Making the case for development
2. Leaner, fitter, higher performing and more capable DFIDSA
3. More for our money
4. Smarter ways of doing business

5.46 In all there are 56 indicators: 8 at goal level; 11 for aims 1, 2 and 3; and 15 for aim 4. The goal level indicators relate to the MDGs which is appropriate, though the frequency of data sources may be difficult to measure, even annually. The indicators for aim 1 are less SMART and again the frequency and sourcing of the data is unclear. Aim 2 has a mix of SMART indicators and ones that are less tangible (e.g. effectiveness of trans-boundary river basin organisations). Aim 3's indicators are a mix of activity and process and aim 4's indicators are largely activity-related (i.e. a plan/strategy in place). There are two milestone columns and a 2013 target. It is not clear when the milestones are intended to be achieved. However, it is understood the Results Framework will be reviewed every six months.

5.47 Overall, this 23 page framework has been prepared with considerable care. The focus on inclusive growth, with a clear poverty focus under aim 1 and vulnerability amongst the poor under aim 2, ensures a stronger poverty dimension to the programme than was evident in the Regional Plan. Further, the framing of aim 3 develops the regional approach with respect to regional institutions and the bilateral/regional differentiation. However, the framework is too long and not sensitive enough to provide feedback on results. The indicators and milestones need further work and revision if the framework is to be manageable and effective.

5.48 What is less clear is where the Results Framework fits with the Regional Plan outputs. By relating it to the DSOs some indicators are at too high a level and others have been linked to specific programmes (e.g. TradeMark), rather than policy level outcomes. As a consequence the Results Framework falls between too stools but could provide a bridge to the next regional plan.

5.49 It is premature to assess the application of the Results Framework as it has only been used to support two Quarterly Monitoring Reports (QMRs). However, the QMR suggests that reporting is being done against the DSOs rather than the Results Framework indicators and team leaders seem to be reporting on project/programme performance rather than focusing on results level indicators.

5.50 The Gender Equality Assessment addressed a gap in results monitoring within a Regional Plan that as noted earlier was largely gender neutral. At programme level the assessment found that:

- gender analysis informs all the programmes on health and HIV/AIDS. Analysis is shaped by the intersections of HIV/AIDS and gender.

- in the growth sector gender analysis is most evident in the Regional Standards Programme (making trade standards work for the poor) and the Making Financial Markets work for the Poor (FinMark).

- in **other** programmes reference to gender is to be found but does not shape the programme[94].

5.51 The Gender Equality Action Plan (GEAP) complements the Results Framework with a strong focus on learning and skills that have wider programme relevance. The GEAP also provides a sound opportunity for DFIDSA to take a more pro-active approach to gender aspects of poverty and equity in developing the current regional approach and future regional strategy.

Evaluation Questions

Institutional Reform and Regional Institutional Development

5.52 There have been some major successes in engaging institutionally. Regionally, the work with the tripartite group of RECs demonstrated strong facilitation by a consultant and the work with SADC around AIDS is an example of effective influencing by an adviser. At bilateral level, employment policy (Box 6) is a case of a reference group supported by an academic/research institution influencing reform and the recent experience in relation to AIDS policy is an example of targeted niche funding supporting adviser and TA influencing at political levels. However, reform initiatives have not been consistently planned or coordinated. Too often interventions have been left to consultants and contractors, with advisers not developing the institutional and policy level relationships to add value, identify opportunities and be in the right place to respond.

5.53 DFID has still to position itself and develop appropriate ways to offer institutional development support to the SADC Secretariat. The work with the tripartite has built an effective operational relationship which could be extended further. DFID's level of analysis of regional institutions is growing and once extended will ensure opportunities can be taken. However, the UK is not necessarily the natural source for providing institutional development support. GTZ is providing effective organisational development support to parts of SADC. This leaves the way open for other development partners to encourage reform in different ways.

5.54 Institutional development support has been particularly effective with civil society at a regional level through SAT. The RHVP support to SADC has also yielded less dramatic but positive results. More widely within the GoSA, SACED has built the foundations for institutional development in a quiet and effective way. DFIDSA could usefully reflect on the positive experiences, identifying what works and the skills and agency required.

Effectiveness and Impact Nationally and Regionally

5.55 Paragraphs 5.5-5.39 give our assessment of impact against the output indicators in the Regional Plan. In a number of cases the outputs did not relate to DFIDSA activity or were ill-defined. Impact therefore appears less positive in some areas of engagement. At project and programme level impact has been more substantial. However, these activity level achievements have not always been well aggregated at output and policy level. Within South Africa the critical factor is

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[94] DFID (2009e) *Gender Equality Assessment DFID Southern Africa*, Report for DFID SA Office, Penny Plowman, March 2009. Para 3.6.3,4 and 7.

the relationship with the GoSA. Where relationships are well established and strong (e.g. health) impact has been significant. In other cases lessons from project level successes have not been as well translated.

5.56 Regionally the major impact of RTFP and the preparatory phase of TradeMark have detracted from the less dramatic developments in other sectors. AIDS, food security, water and social protection are areas where the building blocks for achieving impact are present. More strategic engagement, joined up working and networking could realise these.

Synergies between National and Regional Engagement

5.57 The separation of the 'bilateral' and 'regional' programmes weakened the ability of the Regional Plan to benefit from the experience and lessons learnt in South Africa. A more integrated approach is beginning to be taken, but there is still a tendency to draw a false distinction between the two arenas and to see the purest form of regional working as the ideal. Synergies have been effective in AIDS and could be drawn on more effectively in relation to social policy, poverty reduction and other aspects of vulnerability. The synergies are weakest at present in the area of growth and economic development where good practice at both levels does not seem to have always been well linked.

Growth and Trade Theme

5.58 This theme was the most coherent. It received a clear policy direction from the G8 and CfA and had a strong portfolio of programmes to build on. In addition the success of engagement around regional integration was a niche opportunity that has been very successful. Finally, DFIDSA has had a strong and consistent team of advisers with a common economic knowledge base. The theme is weaker, however, in making the connections between region and continental growth and national level impact on the poor. Practical programme based and policy level linkages are at times missing and this weakens the contribution at goal level.

5.59 The strength of this theme has detracted from other areas of success. Resilient Livelihoods has not provided the same unifying conceptual framework to draw together a more diverse and fragmented set of interventions and approaches. The risk of competition and even rivalry between the themes is counter-productive. They are different ways of conceptualising the same desire to respond effectively to poverty in the region.

Impact on Poverty and Poor People

5.60 DFIDSA's scale of investment is relatively small regionally. Within South Africa a reducing share of development assistance is a minor part of the GoSA budget. With policy level targets at regional level, directly attributable impact on poverty and poor people is difficult to identify or assess. Given South Africa's Gini Coefficient indicating wide income disparity and its history, changes in poverty levels nationally will depend on domestic policy and are long term goals. DFIDSA should focus on indicators of pro-poor policy change in its areas of engagement rather than expecting macro-level impact on poverty.

5.61 An interesting example that also reflects on the opportunity to address social policy issues through regional interventions is the SADC Protocol on Gender and Development[95]. Here, with support from DFID in the UK rather than DFIDSA[96], a regional network was supported in its work to facilitate the adoption of the Protocol. External support enabled a regional civil society entity to work effectively to promote a key piece of social change. DIFDSA was unaware of this initiative until informed by GenderLinks themselves. Similar approaches could be explored where indirect support to effective regional entities can bring critical influence on social policy processes.

Aid Instruments and Modalities

5.62 Despite the innovative nature of the Regional Plan the DFIDSA programme is relatively traditional in terms of aid instruments. Budget support has not been pursued and is not appropriate at regional level nor, given South Africa's low level of aid dependency and the focused nature of DFID's support, is it relevant bilaterally. The historical project base of the bilateral programme has continued and regionally, with the assumed limited scope for direct support to SADC or other RECs, intermediary project modalities – UN agencies (UNICEF and UNAIDS), contractors, consultants and other surrogate modalities – have predominated. This results in a heavy programme management workload falling on staff which impacts on space for influencing and relationship-building.

5.63 Whilst the balance of aid instruments is unlikely to change, DFIDSA has to find more effective aid modalities. Too many programmes are directly managed through contractors or DFIDSA 'created' intermediaries. Greater use of established institutions with less hands-on management would shift the balance.

5.64 The experience with DFIDSA-promoted 'trusts' is a case in point. Establishing new institutional entities is a time consuming and lengthy process. Governance and ownership issues can be protracted and the transition to independence is often resisted as direct control seems more attractive. Where DFIDSA has been effective (e.g. SAT), full independence and accountability has been achieved, though the initial investment of time has been significant. Other experiences have been less positive. However, the arrangements for fund flow through third parties (e.g. Development Bank of South Africa in the case of TradeMark) is another option that could be used more frequently.

5.65 Overall more investment in and through the GoSA and a preference for established South African and Southern African entities, rather than consultancy and external programme management operators, should be the preferred modality.

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[95] Southern Africa Gender Protocol Alliance (2009) The SADC Protocol on Gender and Development, Southern Africa Gender Protocol Alliance: Johannesburg.

[96] GenderLinks, a Southern African NGO founded in 2001, received a Governance and Transparency Fund Grant to support its coordination of the Southern Africa Gender Protocol Alliance which was instrumental in advocating for the Protocol, adopted in August 2008 by SADC heads of state and government.

Engaging at Regional Levels - Attribution, Results Monitoring and the Paris Declaration

5.66 Regional approaches are more complex and sophisticated than classic bilateral relationships. Further, with a range of actors and a variety of partnerships, identifying contributions is complex and can weaken ownership. Direct attribution becomes contested and can undermine the change process itself. The Paris Declaration principles of alignment and harmonisation are not conducive to individual donor attribution and this applies even more with regional institutions with complex political accountabilities. Thus in a regional programme attribution is difficult and inappropriate at a political level and can be contrived at an operational level.

5.67 The process of policy development and institutional reform is one in which ownership and responsibility need to be clearly located. If policy change is owned then identifying who provoked, supported or catalysed the change undermines that ownership. Given the political history and relationships in the region the influencing role of the UK can be compromised and is not always acceptable. Assertive attribution and clumsy dominance of the relationship needs to be avoided.

5.68 Whilst attribution may be contested, difficult to identify and counterproductive, this does not mean that monitoring is not required. Ideally, in line with the Paris principles, Monitoring and Evaluation (M&E) should be aligned and harmonised. M&E led by the recipient and shared by all partners was not identified in any of the programmes reviewed as part of this evaluation. DFIDSA is to be commended for the development of a results framework. Whilst there is room for improvement, having a monitoring framework in place, in advance of the next regional plan, is a major step forward.

5.69 At programme level, greater use of a results based approach at the design stage would ensure a cultural shift in favour of management for development results. Building this understanding into discussion with partners from the outset would ensure that a strong focus on impact and results is established.

Summary

Box 12 Development Results– Summary and Conclusions

A well managed change process – however the long-term impact of the structural changes, especially for staff appointed in South Africa, was not anticipated or addressed.

Performance against the 13 output targets in the Regional Plan does not appear to be very good. However, this is mainly due to inappropriate outputs that did not relate to DFIDSA's actual focus of engagement and indicators that were not amenable to measurement. In practice the results have been more positive.

Under the Growth Theme, significant impact in trade and support for regional level growth has been achieved, together with a reduction in transport costs and thus an opening up of the region for trade. Within South Africa employment opportunities and employment promotion policy have seen significant attributable results.

Under the Resilient Livelihoods Theme, regional and national AIDS policy and services have seen major impact. The health outputs were all focused on regional level impact across malaria, TB and AIDS and it is unrealistic to expect attributable impact given the focus and scale of DFIDSA investment. Institutional support in the water and food security sectors has yet to yield measureable results. Institutional development in relation to social policy (SACED) in South Africa and civil society engagement regionally were major results not covered in the Regional Plan.

Peace and Security was effectively dropped as a theme given the inappropriate expectation that ACPP would deliver against the Regional Plan. ACPP's focus was different and more modest. Governance and human security is the one area where the Regional Plan seriously misjudged the scope for DFIDSA engagement which could have been more substantial.

The Regional Plan lacked a monitoring framework and little was done to address this gap or review overall performance until the MTR in 2008. This was a comprehensive exercise that informed the subsequent development of a Results Framework (2009) and has fed into the preparation of the next regional plan. The Results Framework itself has too much detail for a working tool, some indicators lack clarity and the milestones need more focus. However, the groundwork has begun and an appropriate model and management reporting system is in place.

The DFIDSA programme has begun to realise the ambitious intent of the Regional Plan. The evaluation has identified lessons in relation to development results. In particular, for a regional programme, results should be seen as the basis for informed management based on application of the Paris Principles rather than as evidence for attribution.

6. Development Process

Introduction

6.1 The period of this evaluation was one of profound change for DFIDSA. In 2004 there were a set of challenges at the programme, structural and operational levels. After ten years of democratic government South Africa was itself moving to a new phase in its transformation and DFID as a responsive development partner needed to re-orient itself. Ways of working needed to be addressed. A large and inefficient administrative approach, developed for a different type of programme, needed re-structuring; an imperative heightened by the corporate pressure to reduce administrative costs. During the change process new opportunities from the CfA and the G8 Summit encouraged a regional perspective. This chapter presents the findings in relation to the development processes entailed in managing the consequent attempt to transform DFIDSA and implement a new regional approach. Issues of efficiency and coordination are addressed along with the key evaluation questions about ownership, accountability, alignment and harmonisation at regional level.

Managing the Transition

6.2 The changes achieved between 2004 and 2009 are quite dramatic. In 2002 when the five bilateral programmes came together, beginning the transition to a regional approach, DFIDSA said it would sharpen its analysis and cut down from 150 interventions (most of which were in South Africa) to 40 (with an increasing proportion having a regional focus). This process began, but many programmes sustained (paragraph 3.22). The portfolio changed little prior to 2004 with the establishment also remaining at around 70 staff. From April 2004 to April 2006, however, the staffing reduced to around 36. This entailed over 20 posts being declared redundant and other staff resigning or leaving for other reasons. Most of these staff were South African appointments as they comprised the more permanent element of the workforce. So over the first two years of the evaluation period staffing reduced by 50%, and the portfolio to around 35% of the number of interventions with the same level of expenditure.

6.3 The planning process that led to the Regional Plan was intensive and included workshops in June/July 2005, studies and consultations and a final intensive period before the plan was published in 2006. This intensive period saw the lessons from the CfA and the G8 incorporated with DFIDSA's own learning to coalesce around the emerging concept of a regional approach with the implied further restructuring to support its implementation. A further round of redundancies during 2006/07 brought the establishment to its present level (34 people) and the portfolio down to the current core group of about 24 programmes (Table 9). In all, 55 staff appointed in country (SAIC) left DFIDSA between 2002 and 2009 with 40 leaving between 2004 and 2007 (see Annex 6).

6.4 The change process was relatively well planned; however the complexity and long term impact of the changes was not anticipated or addressed. Several factors are of note. Firstly, most of the turbulence impacted negatively on the SAIC, with UK-appointed colleagues more used to transition and focused on the new programme direction. Secondly, the uncertainty continued with further restructuring leading to the current organogram to deliver the 2006 plan being introduced in July 2008 and modified in May 2009. Thirdly, though the main change process began in April 2004, coinciding with the arrival of one head of office, discussion and an earlier review were undertaken under the previous head. Between 2001 and 2009 there were four heads of office with an average incumbency of two years. Throughout, therefore, there were changes of leadership style and understanding. Finally, whilst the shift to a regional focus was clear for many staff it meant a reduction in contact with fewer local and directly managed programmes. As a consequence work became more office based with less interactive engagement.

6.5 The evaluation found that there is still a sense of uncertainty and mixed understandings about the changes. Whilst the portfolio has reduced many of the modalities remain, with a preponderance of consultant-led projects and contracted activities. Indeed, with the reduced bilateral programme there are fewer partnerships with the GoSA and other government entities. Though the major transition was completed quickly, change has continued, with adjustments within the programme and, in mid 2008, a new Head of Office, a shift of directorship and the MTR of the plan, followed by the process of developing the Results Framework.

6.6 DFID has had considerable change since it was established in 1997 but this degree of turbulence is unusual. Given the intended transformation from a bilateral focus to a regional approach it is understandable that after only three years the real changes are only just beginning to happen. The Regional Plan should perhaps have been planned for a longer period to allow these challenges to be addressed, to give time for the new approach to inform practice and for lessons to be applied. In the event the plan has been extended to 2011 and the lesson learning since 2008 has been more significant.

Ways of Working and Aid Modalities

6.7 As noted (paragraphs 5.63 and 6.5), a project based and consultant/contractor implemented model has continued as the main mode of delivery. There has, if anything, been an increase of DFIDSA managed TA dominated interaction as this has characterised many of the regional initiatives and the larger bilateral ones. The evaluation found considerable evidence of DFIDSA staff, including advisers, spending significant amounts of time engaged in contract management and consultant supervision activities. These transaction costs, coupled with the overhead costs of large consultancy suppliers, reduce efficiency.

6.8 Though important from a programme perspective, time spent in programme management limits the space for policy engagement and relationship building. This is all the more acute when relationships are spread across the region and require extensive planning and travel.

6.9 Some consultants can undertake high level policy support, but key elements of policy engagement require DFID involvement. Governments generally, and the GoSA in particular, value government to government contact highly. This should not be underestimated. The use of even senior consultants was described by one informant as seen to be 'disrespectful' by many GoSA officials. With a smaller and more focused programme, contact needs to be more frequent if space is to be created for opportunistic engagement and the image of a responsive partner conveyed.

6.10 Simply put, the concept of a regional approach is such that it is counter-productive to contract out the strategic thinking. The quality of DFIDSA's intelligence depends on its interaction with significant partners and key informants. Several supportive interviewees reporting effective engagement in the past noted that contact has become less frequent and that DFIDSA's strategy and priorities are more opaque.

6.11 Engagement with MICs and regional institutions demands contact-intensive approaches. Such policy engagement requires relationships built over time and a well paced dialogue. Often this influencing role is confused and under developed. Skills (both technical and political), knowledge and space need to be well managed and applied. Fly-in, fly-out visits linked to formal reviews or official meetings do not provide the environment that is conducive to deeper change.

6.12 Planned commitment to policy engagement contrasts with the pressure to design and deliver high spending interventions. Whilst it is accepted that Southern Africa is not a context for high investment, the pressure remains and exacerbates administrative budget considerations. The evaluation found evidence of a rush to develop, that in some cases ignores context and underplays political ownership. Where mechanisms are put before ownership and appropriate processes, projects are less successful. The positive and negative lessons from the Southern Africa programme all reinforce this message.

6.13 The evaluation observed a tendency to oscillate between micro-management and disengagement as a result of these competing pressures on staff. We do not conclude that DFIDSA is seriously understaffed but the skills mix, balance of programme management roles and competing expectations are reducing the space to think, plan and engage. This in turn undermines morale and weakens the programme. One default consequence is the focus on DFID Project Cycle Management needs, rather than mutual learning with reviews that are too frequent and often seem predetermined and lack independent critique.

6.14 Overall, alignment was found to be positive but partner ownership is not well-cultivated and there is a reliance on consultants, special purpose vehicles and DFID project management. The evaluation suggests that a review of skills and experience is carried out to refocus commitment to policy engagement and agree an approach to programme management that reduces transaction costs and focuses more on indigenous service providers, with fewer consultant dominated interventions.

6.15 The programme requires more attention to policy influence and the relationship building on which it is based. The incentives and expectations that militate against giving these ways of working higher priority need to be reviewed.

What Level of Engagement?

6.16 DFIDSA principally refers to the different degrees of regional integration but does not pay sufficient attention to the levels of engagement required to support it.

6.17 The main successes and evidence of impact, over the evaluation period ('one-stop borders', AIDS, hunger and food security, employment policy, evidence based decision making, regional civil society institutions), as well as a number of regional studies, all point towards a new model of intervention, whereby strategies are linked up and defined, at national, bilateral and regional levels. A top-down approach, focusing on SADC (or other regional political institution) as the main implementing partner, is unlikely to work unless there is strong buy-in at national levels. Naidu et al report that:

> "…while much criticism is levelled against the SADC Secretariat for not being an efficient and effective implementing agency, … the weak capacity or gravity at the centre of SADC has much to do with the national identities of member states. For the Regional Indicative Strategic Development Plan (RISDP)… to become effective

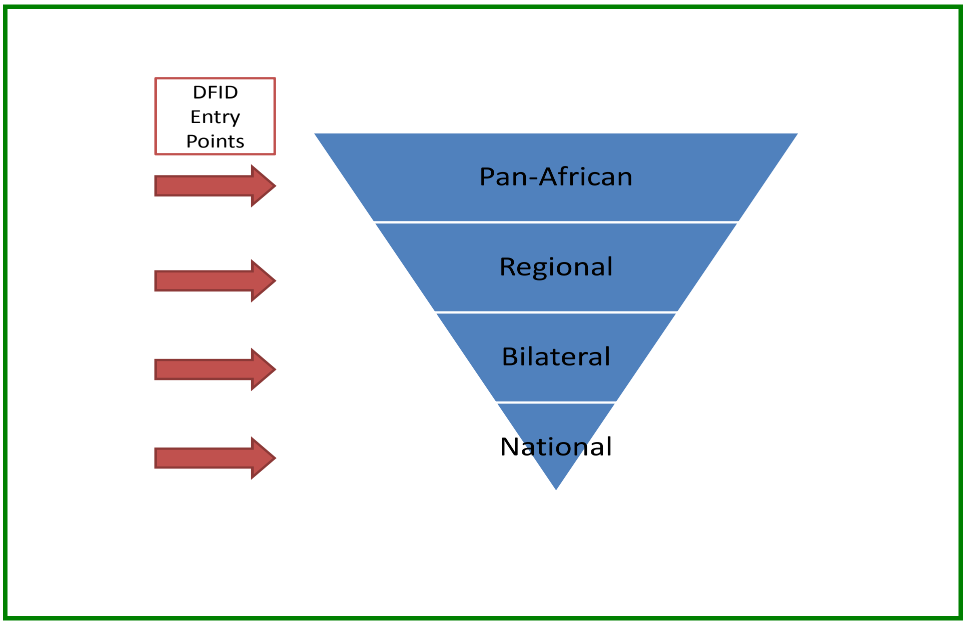
programmes of the SADC Secretariat member states have to recognise the legitimacy of these programmes ... The sub-text to this is whether regional members see it in their interests to do so and strengthen the SADC Secretariat or keep it weak."[97]

6.18 Naidu et al (2009) also mention the lack of evidence from member states that they are embedding the regional agenda and policy commitments at the national level and in particular, that members have not domesticated the SADC National Committees, despite the latter being a cornerstone for regional integration.

6.19 In addition, most regional projects require bilateral/multilateral partnerships across the border for them to work. This is particularly evident in regional infrastructure projects. For example, in energy, while the Southern Africa Power Pool (SAPP) remains a regional project, the bulk of the new projects are bilateral arrangements between member states[98]. The same applies to transport corridors and the water sector, all key priorities for the region.

6.20 Under this new paradigm (Figure 4), the question is no longer about the degree of regional integration at SADC or elsewhere, but rather about what interventions are appropriate and effective at each level of engagement to foster positive changes in the region. More often a range of interventions at different levels will be needed rather than a single regional level approach.

Figure 4. A New Paradigm for Engagement



Paris at the Regional Level

6.21 The Paris Principles were drafted and are read with traditional country-level bilateral programmes in mind which begs the question of where ownership and policy leadership lie in a regional environment. Some, but not all, rests with regional political representative bodies (the

[97] Naidu, Roberts and Alvarenga 2009, p.53.

[98] Ibid p.70.

RECs and SADC in particular). However, the role of politicians and bureaucrats at regional level are different. Their accountability and constituencies are not as they are for a national or even local government. The alignment principle still applies but engagement with member states and national level structures is required to complement the regional direction. This political synergy between region and nation needs to be taken into account and therefore, whatever the focus of the regional intervention, there will always be a need to reference country-level alignment as part of the process.

6.22 Political alignment, ownership and accountability are multi-dimensional when viewed through the regional lens. Just as civil society voice and advocacy play a part in political alignment nationally, so they need to be taken into account at the regional level. However, representative voices are always contested and this is particularly challenging on a regional stage. The institutional development of civil society structures and modalities are being supported by DFIDSA through SAT but popular ownership and mutual accountability is mediated through many complex processes. Understanding this dynamic at the regional level is particularly challenging but is essential if accountability to partners and to civil society at the regional level is to be achieved.

Partnerships in a Regional Approach

6.23 The knowledge and networking to support regional approaches requires engagement at national level. The preparation of the 2006 Regional Plan included consultations with other DFID offices in the region but no structured continued engagement was established. The evaluation used the opportunity of the parallel CPE in Mozambique to explore the linkages. Skills are being shared, for example in relation to Tete Province, but this is not necessarily seen as a regional initiative in Mozambique. DFID's planning in Mozambique does not seem to be taking account of the complementarities with the regional programme. Building institutional arrangements for information exchange, joint working and complementary activities to maximise synergies is itself a high cost process. A shared commitment to the regional approach was not established in 2006. This has weakened impact and led to role confusion and potentially mixed messages to partners.

Box 13 Development Process – Summary and Conclusions

A well managed change process – however the long-term impact of the structural changes, especially for staff appointed in South Africa, was not anticipated or addressed.

A turbulent transformation yet a traditional approach to project management continued.

The programme has been well aligned to national and regional needs and policies but partner ownership has not been cultivated and the reliance on consultants, special purpose delivery mechanisms and DFID programme management has weakened mutual accountability.

The approach to influencing and policy engagement is often confused and under developed.

MICs and regional institutions need less focus on investment and project support and more direct attention and space for policy engagement.

A new paradigm for engagement is required that focuses on levels of intervention not just the degree of regional integration.

Ownership and alignment are multi-dimensional in a regional context and need to be addressed at both national and regional levels – with government, civil society and donor partners.

6.24 Similar issues apply to the relationship with the Africa Regional Department. Since 2006 a more strategic approach to pan African and regional issues has developed. A partnership relationship is preferable to a division of labour as it maximises resources and learning. A stronger management endorsement of the regional approach and clarity over the role of DFIDSA will encourage a region-wide and DFID-wide commitment to a Southern Africa regional approach.

7. Main Findings and Lessons

Development Strategy

7.1 The period covered by this evaluation was one of significance for South Africa, Southern Africa and the continent. The first half of the second decade of democracy in South Africa saw the transition from Thabo Mbeki to Jacob Zuma, and continued inequality, unemployment and poverty, giving rise to increasing disquiet. South Africa grew in confidence as a regional, continental and emerging global power. Over the five years, however, Southern Africa has moved on. Regional relationships have developed though some tensions remain. Challenges in the region and across the continent were addressed through the CfA and G8 Summit in 2005, although the struggle for growth in Africa and the issues of governance, poverty and AIDS continue. Cooperation continues to be a priority but integration is not being seen as the assumed trajectory in all cases.

7.2 For DFIDSA the period saw a dramatic transformation from a large, traditional, bilateral, programme to a more focused, dynamic, regional approach. The strategy in the 2006 Regional Plan set the vision and direction for these changes and a clearly articulated foundation for future development. The plan was bold and ambitious but the original three years was not long enough for full implementation. The extension to a full five years and the reflective process that began with the MTR in 2008 have seen a growing refinement of the strategy that has begun to address some of the weaknesses identified in this evaluation.

7.3 The plan focused on Pan-African ideals rather than the regional realities and presented a false dichotomy between regional and bilateral engagement. This created tensions that have yet to be resolved and limited efforts to connect the regional to the national agendas. Strong on vision, the plan was not worked through below output level and lacked realistic targets that related to the portfolio being delivered. This weakened results-based management and the attention to policy engagement and reinforced the more traditional aspects of project management.

7.4 Over the last eighteen months a second phase of change has begun with a reflective internal review of the plan followed by the development of a Results Framework that provided the basis for a new dialogue about direction and ways of working. The evaluation coincides with the preparation of the next Regional Plan, a further stage in the process that can address the challenges of completing the transformation.

Development Results

7.5 The Growth and Trade Theme built on an established set of interventions. This included some groundbreaking support focused on regional trade that has become the basis for a major cross regional intervention. Differences of emphasis between public and private sector engagement and between bilateral and regional approaches created tensions that still need to be resolved.

7.6 Resilient Livelihoods was a less coherent organising principle and, in practice, a portmanteau for what at times seem to be a diverse set of disconnected sectoral agendas. Nevertheless, the evaluation identified some very good outcomes and processes that demonstrate new ways of working and approaches that could achieve synergies between national, multi-country and regional levels of activity.

7.7 Governance, Peace and Security was a highly relevant area for engagement that failed to thrive, as delivery was limited to one instrument (ACPP) with a narrow mandate beyond the remit of DFIDSA. A more imaginative approach with additional resources would have been more effective.

7.8 The strategy over-emphasised the regional dimension in order to drive the change. The unintended consequence was to present a division between national level engagement and regional integration, rather than building synergies. In the process, multi-country working was undervalued rather than being seen as an opportunity to extend experience and work towards regional change.

7.9 The growing pressure for impact and attribution is at odds with the complex processes of regional change and the principles of ownership and alignment. South Africa, as an MIC with low levels of development aid and its own agenda of political emancipation, is naturally resistant to development partners claiming responsibility for change. A relationship based on partnership and mutual accountability centred on policy dialogue is more appropriate here. This requires deeper and quieter engagement, long term processes and more open discourse.

Growth and Trade

7.10 Most of the regional activity has focused on trade and infrastructure whilst employment, jobs and growth have remained largely bilateral. Effective growth needs both, with national policies connecting to regional opportunities if poverty and equity are to be targeted. Thus, whilst both have delivered positive outcomes, the linkages need to be strengthened.

7.11 The intervention logic at the strategic level from trade and growth to employment and poverty is based on assumptions that are not clearly articulated. At project level, analytical appraisals that support the core arguments and the assumptions are articulated in the programme documents. These tend to repeat the established case, rather than demonstrating learning from practice and a deeper engagement with the complex relationship between growth, trade, poverty and livelihoods in Southern Africa. A more systematic development from analysis to strategy and lesson-learning from the regional interventions that are grounded nationally could be the basis for a theory of change that addresses the analysis presented in Chapter 3 and the challenges to a narrow interpretation of the relationship between poverty and growth.

7.12 There is a level of sophistication in a number of programmes that has not informed DFIDSA's own analytical work. Lesson learning and pragmatic linkages could yield a more coherent and even more dynamic portfolio.

Resilient Livelihoods

7.13 Existing interventions were 'retro-fitted' to the 2006 plan and required stronger strategic intervention if they were going to effectively adjust in what is a highly varied and complex regional context. External agendas appear to have overridden lessons learnt from experience. The evaluation endorses the view of the 2008 MTR that the theme comprised, 'fragmented initiatives, all based on different assessments' that militate against a coordinated approach. There has been no effective follow up to the MTR finding, only continued tensions between 'vulnerability' and 'livelihoods' as the basis for reframing the theme.

7.14 The available resources do not match the breadth of focus for DFID to be visible, present and respond strategically at the appropriate levels to opportunities. Climate change, energy and water are complex, donor-crowded, regional issues requiring the careful identification of niche possibilities for added value. The targets in 2006 were ambitious, unrealistic and covered areas that were not pursued. However, with AIDS and the wider health policy agenda, social protection, evidence-based decision-making and regional civil society engagement, DFIDSA has demonstrated flexible and critically important successes that have the potential to link national, multi-country and regional level interventions.

Development Process

7.15 The modes of delivery and style and depth of engagement have not developed in response to the challenge presented in the 2006 plan. There is capacity within institutions in South Africa and the region that could be effectively supported to deliver DFID-funded activities[99]. The continued reliance on consultants and programme specific structures has not developed capacity and requires extensive DFID programme management.

7.16 DFIDSA seemed to feel driven to develop interventions itself or use often cumbersome and resource intensive intermediaries. In the process, political ownership has been a casualty and lesson-learning and analysis has been short-circuited. More time designing and managing has reduced the space for relationship building and policy engagement. Working across a large region has distanced staff from their partners and an office-based operation in Pretoria has been less able to achieve the flexibility, responsiveness and significant engagement that partners have praised DFIDSA for achieving previously.

7.17 The concept of taking a regional approach to Southern Africa was radical and innovative. Its delivery has yet to rise to that level in a joined-up way across the programme. There are significant examples of good practice but raising the bar to the next level of engagement is essential to realise the vision of the new approach.

7.18 To move to this next stage a new paradigm of engagement is required that sees engagement at a selection of levels combining to facilitate change within a regional frame as opposed to continued debate over the degree of regional integration.

7.19 DFIDSA is in a unique position to explore the application of the Paris Principles of alignment, ownership, harmonisation of support, mutual accountability and management for development results at a regional level with appropriate linkages to relationships at country level through the network of bilateral programmes.

Lessons Learnt

7.20 There are a large number of lessons emerging from this evaluation that are reflected in the report. Many have emerged over the period since the MTR and have been surfaced in the Results Framework and the Gender Equality Assessment. Here we highlight the key lessons from the perspective of the evaluation team:

[99] There are a number of regional civil society already known to DFID with demonstrable strengths – SAT, GenderLinks, the Election Institute of Southern Africa and others that interestingly have been supported by DFIDs Civil Society Department through the Governance and Transparency Fund. Academic institutions have proved effective conduits through SACED and other partnerships as have trilateral relationship with international agencies and UK based organisations. The evaluation would also advocate direct funding of RECs individually or collectively where specific institutional capacity is demonstrated.

- DFIDSA has achieved a significant transformation and established a new basis for engagement in Southern Africa. There is more to be done however, including more effective participation for the other bilateral programmes in the region, so that the collective DFID resource in Southern Africa works together with a substantial shift in the ways of working and engaging so that policy change and regional approaches are emphasised.

- The Regional Plan overemphasised regional integration as it was understood at the time. It also tended to take a narrowly regional view of the regional approach to the detriment of national and multi-country engagement. Experience has shown that a complementary approach that draws on strengths at different levels can be more effective.

- Regional impact can be achieved through a mix of interventions at different levels without weakening the integrity of the concept of regional approach.

- The regional approach is a holistic process that can include economic, social and political dimensions. The next phase of regional planning needs to complement the focus on regional trade and economic integration with an understanding and approach to region-wide social policy and poverty engagement.

- Multi-country activity means more than replicating the same activity in two or more places. It requires linked practice at the country level, together with cross-country and regional 'institutional' connections, to ensure synergies are achieved.

- There is a strong case for continuing to work with South Africa bilaterally since, although it is a MIC, there are significant governance and equity challenges as well as historic and contemporary relationships with the UK that have continued mutual relevance.

- Working with South Africa in the region is complex and requires deep analysis and nuanced engagement at political levels in South Africa and within the region.

- Working with South Africa across the continent and globally requires a shared analysis and common approach involving DFID in the UK, DFIDSA and DFID's other country programmes in the region together with partners in South Africa itself.

- Working with an emerging economy requires more intensive, quality interaction with key interlocutors to build and maintain presence, trust and a platform for policy dialogue that can replace more traditional project investment approaches. This has implications for adviser numbers, workload, skills and experience. It could be further supported with flexible financial resources to gain more traction with partners.

- Working in the region requires DFID to be joined up **across** the region with a shared analysis **of** the region. The next regional plan needs to be owned by all country offices in Southern Africa as well as by Africa Regional Department (ARD) and the Africa Directors.

8. Recommendations

8.1 There are a number of suggestions within the report particularly in the findings and conclusions and lessons chapters which the evaluation team would encourage DFIDSA to consider. Specific recommendations for action are:

For DFID Southern Africa

8.2 There is a clear rationale for a continuing focused bilateral programme in South Africa as part of the regional approach. DFIDSA should develop a clearer implementation strategy for engaging regionally and with South Africa with strongly linked but differentiated approaches.

8.3 DFIDSA should develop a stronger culture of learning in order to build on its successes and identify new entry points and appropriate ways of working that strengthen building synergies across the programme and region.

8.4 DFIDSA should deepen analysis across the programme with dedicated resources (financial and staffing) to support monitoring (building on the experience with the current Results Framework and GEAP), learning and information exchange including the commissioning of:

i. A study on the dynamics supporting growth, trade and investment patterns in the region.

ii. A deeper political and institutional analysis across the region to inform the process of policy engagement.

8.5 DFIDSA should give priority to deepening the relationship with SADC, with a formal presence in Gaborone. This would strengthen liaison with SADC across all areas of DFID support and co-ordinate with other development partners based in Gaborone or working with SADC.

8.6 DFIDSA should review the organisation of each theme portfolio, linking related interventions at different levels of engagement and building on the synergies between region and national engagement.

8.7 DFIDSA should undertake a review of its organisation and staffing, including adviser numbers, workload, skills and experience linked to the preparation of the next regional plan and the particular demands of a regional approach. The evaluation would recommend:

v. increasing senior advisor posts by one or two

vi. a rebalancing of the range of skills and expertise

vii. the development of a plan to increase skills in team working, political analysis and policy engagement across the office

viii. identifying leadership roles for engagement with South Africa and at regional level.

For DFID across Southern Africa

8.8 Heads of Office across Southern Africa should cooperate in improving communications and building a common regional platform across DFID in Southern Africa with a dedicated lead person in each office and regular heads of office information exchange meetings.

8.9 Heads of Office across Southern Africa should all sign off on the Southern Africa Regional Plan with a commitment to sharing resources and developing a common set of priorities for work across the region.

For the Africa Division

8.10 Africa Division Directors should give a stronger coordinated lead on regional approaches confirming DFIDSA's leadership role with respect to Southern Africa and encouraging cross country and region wide working, supported by more joint planning and shared resources.

For the Management Board

8.11 The experience in Southern Africa has shown that taking a regional approach is an ambitious yet highly relevant model in situations where regional identity and the political and economic context are conducive. Other opportunities should be identified to develop the approach further.

8.12 The strategic span of the Southern Africa programme was broad and the challenges of engaging with South Africa bilaterally, regionally and globally, as well as working regionally are considerable. DFID should ensure that when a regional approach is being taken areas of engagement are clearly defined with appropriate targets; there is a monitoring framework related to the plan; and resources, especially staffing, reflect the aspirations of the approach.

8.13 The timeframe for change and engagement for regional approaches is significantly greater than for individual country-based approaches. Plans, resource envelopes and senior staff appointments should all reflect this and be adjusted accordingly.

ANNEX 1: EVALUATION MATRIX

Table 10. Southern Africa Evaluation Matrix

Evaluation Criteria	Major Questions
Chapter 1: Introduction and Methods	
More robust statement of methodology and approach to evaluation so that readers appreciate the process model and understand how it informs and facilitates the findings.	
Chapter 2: Context	
Regional context, with focus on political economy and general aid, other donor and DFID contexts	
? the story (political, economic and social) since 1994 for SA, the region and DFID (post 97). ? the Africa context CfA, G8 et al ? donors/UK in Africa	
Chapter 3: Development Strategy	
Relevance	Did DFID undertake the correct analyses and make the right choices in making its regional strategy? (NB we will look at the 2006 Regional Plan specifically and at the transition period during 2005)
Coherence	What other policies (SA Regional, UK, other) and programmes influenced DFID's programmes and how well did DFID respond?
Was the conceptualisation of 'region' and the proposed engagement with regional institutions relevant and coherent? Has the understanding of 'region' changed and what is its relevance now? Was the regional approach adopted by DFIDSA relevant given the policy linkages to CfA and G8 commitments? Was the strategy and programme approach with South Africa relevant and coherent? What analysis is required to develop engagement with South Africa bilaterally and as a key player within the region? Did DFIDSA analyse the linkages between bilateral, regional and global engagement correctly? Were the subsequent choices in making its regional strategy the right ones? What was the strategy for addressing poverty through regional responses? *And looking forward:* What analysis is required to develop a more appropriate strategy for the next phase of DFID engagement with Southern Africa? What would be a relevant strategy for engaging bilaterally, with South Africa, South Africa in the region and in response to South Africa's international role?	
Chapter 4: Southern Africa Portfolio	
Chapter 5: Development Results	
Effectiveness	How well did DFID implement its strategy? What results (outcomes and impacts) did the programme achieve?
Coverage and Impact	What higher level results did DFID's programmes achieve and how were these differentiated across target and excluded groups?
Sustainability	To what extend are the benefits derived from DFID's programme likely to endure?
Attribution	To what extend can results be attributed to DFID's agency?
How well has DFID engaged with institutional reform and regional institutional development? What was the effectiveness and impact in the selected areas for engagement and national and regional level?	

<table>
<tr><td colspan="2">What were the synergies achieved between national and regional engagement?
Why has the growth and trade theme become so advanced at regional level?
What has been the impact on poverty and poor people?
How effective have the various aid instruments and modalities been? Which work best where?
Can results at regional level be attributed to DFID's agency? What has been learnt that can inform an M&E framework for a regional programme? How can the Paris principle of managing for development results be realised when engaging at regional level?</td></tr>
<tr><td colspan="2">Chapter 6: Development Processes</td></tr>
<tr><td>Efficiency</td><td>How efficiently did DFID transform its resources into development results? How cost-efficient was DFID and did it provide Value for Money?</td></tr>
<tr><td>Coordination</td><td>To what extent did DFID harmonise and align its programme with other in-country/regional initiatives. To what extent did DFID achieve Paris and Accra commitments in country? How good a development partners was DFID?</td></tr>
<tr><td colspan="2">How was accountability to partners and to civil society at regional level achieved?
How were choices made and what were the relative benefits of direct (adviser engagement) and indirect (consultant, managing agent engagement) processes?
How has DFIDSAs management of transitions (between heads of office, advisers and DFID policy priorities) affected the programme?
What has been learnt about alignment and harmonisation, at the regional level?
How can ownership and mutual accountability be addressed when responding regionally?</td></tr>
<tr><td colspan="2">Chapter 7: Findings and Lessons</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="2">Chapter 8: Recommendations</td></tr>
<tr><td colspan="2"></td></tr>
</table>

ANNEX 2: PEOPLE INTERVIEWED

DFID London

Director, Middle East, Caribbean and Asia Division; Head of DFIDSA 2004-2006

Director, Pan Africa Strategy Department and Programmes

Deputy Director Occupied Palestinian Territories; Head of DFIDSA 2006-2008

Deputy Director, Africa Regions Dept

DFID Southern Africa

Head of Office

Deputy Head of Office

Programme Planning and Performance

Regional Programme Development Manager

Resilient Livelihoods Theme Team Leader

Governance Adviser

Social Development Adviser

Acting Health Adviser

Deputy Programme Manager (Resilient Livelihoods and Partnerships)

Deputy Programme Manager (Resilient Livelihoods)

Programme Officer (Resilient Livelihoods)

Growth and Trade Theme Team Leader

Growth Theme Economist

Growth Theme Economist

Deputy Programme Manager (Growth)

Programme Officer (Growth)

DFID Country Representative, Lesotho

Head of Corporate Strategy, Communications and Support Services

Special Projects

Compliance and Financial Manager

HR and Training

Procurement Officer

Assistant Programme Officer

Assistant Programme Officer

Ex-Senior Social Development Adviser now Head of DFID Brazil

Ex-Senior Growth Adviser

Ex-Team Leader Resilient Livelihoods

Consultant Conflict Adviser 2006-2009

FCO South Africa

High Commission, British High Commission

2nd Secretary Political and Private Secretary to High Commissioner

Head of Political Section, British High Commission

1st Sec External Political, British High Commission

1st Sec Climate Change and Energy, British High Commission

2nd Sec Internal Political, British High Commission

Deputy Head of Press and Public Affairs, British High Commission

Regional Affairs, British High Commission

3rd Sec External Political/Visits, British High Commission

Commander, British Peace Support Team

Government of South Africa

Deputy Director General (DDG) Policy Coordination and Advisory Services, The Presidency

DDG, National Treasury

Senior Economist Policy Division, National Treasury

Chief Director, African Economic Integration, National Treasury

Chief, International Development Cooperation Unit (IDC), National Treasury

Senior Policy Analyst IDC, National Treasury

DDG Strategic Health programmes, Ministry of Health

DDG, Department of Trade and Industry

Executive Manager Strategic Planning, StatsSA

Strategic Planning, StatsSA

Chief Director, Department: Environment Affairs – Climate Change and Air Quality

Researcher, South African Climate Change Negotiations Team, South African National Biodiversity Institute

Deputy Director General, Social Policy, Department Social Development

ODA Coordinator, Department of Water and Forests

ODA Coordinator, Department of Water and Forests

Fund Mobilisation, Department of Human Settlement

Chief Planner, Department of Human Settlement

Development Partners

1st Secretary: Development, Australian Agency for International Development (AusAID)

1st Secretary Development, Australian Agency for International Development (AusAID)

Former Resident Representative, Belgium Technical Cooperation

Counsellor: Regional Development, CIDA

CTA and Advisor to SADC, Danida Regional Water Programme

Counsellor Deputy Head of Operations, Delegation of EC to SA

First Secretary, Delegation of EC to SA

Social Sectors Governance, Delegation of EC to SA

Attache, Delegation of EC to SA

Premier Counsellor, Ambassade de France en Afrique du Sud

First Counsellor, Embassy of the Federal Republic Germany

Long Term Consultant, Irish Aid

Development Counsellor, SIDA

1st Secretary, Swiss Development Cooperation

Adviser, Swiss Development Cooperation

Adviser, USAID

Southern Africa Development Community (SADC)

Secretary General

Director for TIFI

Infrastructure Coordinator

Director for Infrastructure

Director for Policy and Strategic Planning

Head of Development Partner Coordination (HIV/AIDS)

Technical Adviser Orphans, Vulnerable Children and Youth Formerly HIV/AIDS Project Head (DFID Funded)

Common Market for Eastern and Southern Africa (COMESA)

Secretary General

Assistant Secretary General (Programmes)

TA

COM Aid Coordinator

Director of Infrastructure Development

Director Trade Customs and Monetary Affairs

East African Community (EAC)

Secretary General

Director for Planning and Infrastructure

Director of Trade

Director of Customs

Principal Resource Mobilisation Officer

Botswana (other than SADC listed above)

Programme Manager Trans-boundary Water Management in SADC

GTZ Coordinator

Deputy High Commissioner

Ambassador Head of Delegation

First Counsellor SADC Cooperation

Mozambique

Head of DFID Mozambique

Economic Adviser DFID Mozambique

Secretario Executivo, Plataforma National des Organizaçoes da Sociedade Civil Moçambicana par Partitipaçao nos Observatórios de Desenvolvimento (G20)

Poverty Observatory

Director, Institute of Estudaos Sociais e Economicos

Investigator, Institute of Estudaos Sociais e Economicos

Chairman, Moza Banco and Trustee Southern Africa Trust

DFID Contractors and Consultants

Director, Regional Trade Facilitation Programme, Imani Consultants

Programme Manager, RTFP

Executive Director, ComMark

Agri-Business Programme Coordinator, ComMark

CEO, FinMark

Project Manager, FinMark

Executive Director, Urban Landmark

Programme Manager, Urban Landmark

Technical Director, Regional Standards Programme

Programme Manager, Regional Hunger and Vulnerability Programme

Programme Manager, Regional Hunger and Vulnerability Programme

Senior Researcher, University of Cape Town, Development Policy Research Unit

Executive Director, One World

Programme Manager, HLSP

Technical Manager/Lead Specialist Communicable Diseases, HLSP

Operations Manager Multi-Sector HIV and AIDS Support and Rapid Response Health Fund, HLSP

Civil Society and Others

Executive Director, Election Institute of Southern Africa (EISA)and Chair SAT

Operations Director, EISA - Promoting Credible Elections & Democratic Governance in Africa

Executive Director, GenderLinks

Deputy Director, GenderLinks

Senior Researcher, Trade and Industrial Policy Secretariat

National Director, South African Institute of International Affairs

Director of Studies, South African Institute of International Affairs

CEO, SoulCity Institute

Senior Executive, South Africa Programme, SoulCity Institute

Director, Community Media Trust

Project Manager: Regional Treatment Literacy Community Media Trust,

Professor, University of KwaZulu-Natal

General Manager, African Centre for the Constructive Resolution of Disputes

Executive Director, Food, Agriculture and Natural Resources Policy Analysis Network

Director, Communications and Advocate, Food, Agriculture and Natural Resources Policy Analysis Network

Director, Policy and Research, Food, Agriculture and Natural Resources Policy Analysis Network

Regional Director, Southern Africa, OXFAM

Executive Director, Southern Africa Trade Union Coordinating Council

Executive Director, Institute for Global Dialogue

Trade Policy Advisor, South African Development Community, Employers Group

Director, Economic Justice Network

Programme Director, Trust Africa

Director, Development Network Africa

Ex-Chief Executive Officer, South African Development Community

Executive Director, South Africa Trust

Head of Programmes, South Africa Trust

Head of Operations, South Africa Trust

Programme Operations Manager, South Africa Trust

Programme Coordinator, South Africa Trust

Programme Coordinator, South Africa Trust

Programme Coordinator, South Africa Trust

Project Coordinator, South Africa Trust

Communications and Partnerships Manager, South Africa Trust

Independent Consultant, EU Country Strategy Paper, Mid-term Review Team

International Economic Development Consultant, EU Country Strategy Paper, Mid-term Review Team

DPC and Associates - Development Experts, EU Country Strategy Paper, Mid-term Review Team

Independent Consultant, EU Country Strategy Paper, Mid-term Review Team

Groups of people met

Group discussions with: Foreign and Commonwealth Office, Pretoria (8); DFID staff appointed in country (3); DFID Programme Staff (6); SAT Staff Group (8); SAT Workshop (15); EC MTR Team (4); East African Community, Common Market for Eastern and Southern Africa and Southern African Development Community in Lusaka.

ANNEX 3: DFID Lesotho Programme - SAPE Working Note

1. DFID in Lesotho

1.1 The DFID bilateral programme in Lesotho has remained unchanged since the early 2000s. It comprises:

- Priority Support Programme (PSP), working with the Ministry of Trade and Industry and the Minister of Agriculture and Food Security, on improving the enabling environment for job creation and enhancing food security.

- Lesotho Revenue Authority – LRA (2006-2009)

- Poverty Reduction Strategy (PRS) Foundation Programme (2004-2010).

1.2 At one stage DFIDSA considered budget support for Lesotho (see exit strategy). DFID also envisaged support to the Lesotho Justice Sector Programme launched by the Prime Minister – but then withdrew – in part because of the poor choice of consultant to manage this project. Similarly for the joint government programme (Irish Aid, UNDP) where given their view that UNDP lacked the capacity to manage it, DFID withdrew. Finally proposals for a feasibility study for support for building more factories were not supported.

1.3 Regional programmes benefiting Lesotho are ComMark, RHVP, RTFP, SAT and the UNICEF Children and AIDS Regional Initiative (CARI). However, The UNICEF programme is not promoted as a major DFID programme.

2. Key Issues

Relevance

2.1 The main rationale for continuing the Lesotho programme has been to complement the regional programme with bilateral interventions that reflect the specific development needs of this country. Although the country is no longer a low income country in terms of GDP/per capita, poverty and inequality are high. In addition, the country is facing important challenges, such as HIV/AIDS, child labour and governance issues.

2.2 The work of ComMark (textiles) was highly relevant and based on a research programme that found that if the health of workers improved this would be beneficial for productivity. A small number of clinics were built on factory sites. The Apparel Lesotho Alliance to Fight AIDS (ALAFA) Programme was subsequently set up as an activity of its own, with no links with ComMark. This programme is run from Pretoria.

2.3 Lesotho was a beneficiary country for RHVP – a very relevant project given the food security issue in this country. People are vulnerable because they cannot afford food.

2.4 The LRA was set up by DFID.

Effectiveness

2.5 All programmes performed relatively well. The Government of Lesotho (GoL) describes PSP in the APR (2007-2008) as 'a fundamentally different kind of development intervention in which the primary client, the GoL, would take the lead and the responsibility for performance – as a potential bridge towards budget support'.

2.6 Concerning regional programmes, the RTFP helped Lesotho with the negotiation with EPAs by funding for example the LDP Group Meeting in 2008, during which a joint statement for Doha was produced.

2.7 The LRA was also quite effective, but under the management of a DFID-funded international expert. This person has now been replaced by someone national, who finds it hard to resist political pressure (tax evasion). The LRA has also found it difficult to spend money on time. Phase 1 was completed in March 2006 and was judged successful in establishing a quasi-autonomous tax collection authority functioning outside central government control. DFID therefore decided to renew projects. Two key performance issues were identified. Firstly the LRA was functioning in 'silos' with little inter-departmental communication; as a result the project score was downgraded from 2 to 3. Secondly there was a lack of effective performance management systems that would motivate and retain key LRA staff.[100]

2.8 The PRS Foundation programme initially ran from 2004 to 2008 and was extended from 2008 to 2010. It is delivered through a number of NGOs, UN agencies and contractors – with six main component: **Public Finance Management** – with significant progress being made by Helm, who run the programme through a Reform Coordinating Unit at the Ministry; **Poverty Monitoring** – initially mooted for the creation of a Lesotho Poverty Monitoring Unit – but GoL decided not to go ahead with it and funds are now disbursed through CARE UK, which provides support to Lesotho Vulnerability Assessment Committee; **Civil Society Support Programme** – funding to the Lesotho Council of NGOs – and **donor harmonisation - deepening democracy** – a UNDP managed project which helped to make the last elections credible and without conflict.[101]

2.9 ALAFA a good example of public-partner partnerships – with the government providing IRVs, DFID paying for doctors' salaries and private sector allowing clinics etc.

Future Engagement

2.10 DFID is considering options for the future of the Lesotho programme.

2.11 Having given support for a Public Expenditure and Financial Accountability (PEFA) study, DFID decided not to provide General Budget Support to Lesotho as both the PEFA and Fiduciary Risk Assessment (FRA) showed high fiduciary risk. The EC and World Bank did provide budget support but are now experiencing difficulties because of slow progress in PFM reforms and lack of government commitment.

2.12 DFID is considering a joint donor governance programme, as part of its plans to move away from projects and adopt a more holistic approach. This will come with a risk: previous attempts to

[100] DFID Audit Visit, May 2008, Annex H.

[101] DFID Audit Visit, May 2008, Annex F.

reform the government did not work. Multi-donor coordinated efforts may help. Other options would be to support civil society rather than government or to work through regional programmes only. Discussions have started on a civil society programme under the wider governance programme.

2.13 DFID's cautious approach to the future of the Lesotho programme is reinforced by the fact that DFID is the only UK representation in the country. Despite a small budget, DFID is perceived as the lead player amongst donors. For example, the government recently asked DFID for some technical assistance in establishing an enhanced integrated framework on trade issues. DFID turned it down owing to limited capacity. However, DFID resources are overstretched – and it has been argued that the office should focus on working better regionally.

Working Regionally

2.14 DFID's CPE for Lesotho covering the period 2000-2004 concluded that 'an internal drive in DFIDSA to work regionally has resulted in regional programme that (with the notable exception of ComMark) have struggled to relate effectively to the special development needs of Lesotho.'[102] As discussed in this evaluation, the main challenge for Lesotho is to make the most of its favourable location in relation to the South African economy – that is, promote a win-win regional economic integration. DFID must therefore identify what is required externally and internally for the development of Lesotho.

2.15 The specific needs of Lesotho have since the 2002 Southern Africa Strategy Paper been included in regional programmes. There have also been attempts to add a regional dimension to Lesotho's bilateral programmes. However, as the latter are primarily focused on domestic issues, this was not entirely successful. For example, the government of Lesotho (GoL) rejected the sub-indicators on 'trading across borders' as part of the PSP logical framework on job creation, because they mostly reflected South Africa's constraints.

2.16 Internally, communication between the Lesotho office and the DFIDSA office has not always been good. Similarly communication with PMUs has been weak. For example Lesotho was not involved in the discussions on the development of TradeMark though there was more interaction with ComMark.

2.17 The key lesson seems to be that with regional programmes it is very easy to overlook small countries, like Lesotho. The consequent lack of consultation both internal and external weakens regional engagement and limits the extent to which country issues are taken into account.

[102] Gayfer, Flint and Flourie, 2005, p.ix.

ANNEX 4: Mozambique - SAPE Working Note

1. Linkage with Pretoria

Which advisory capacity?

1.1 Relationships between DFIDSA in Pretoria and DFID Mozambique are quite limited – although there has been good cooperation recently on developing the PCN for the Tete Province. Collaboration is mostly based on personal relationships. In the past, with regional advisers posted in Pretoria and elsewhere the linkages were more operational. This is no longer the case and it is difficult to identify where DFIDSA is still offering services to other DFID offices in the region.[103] Having a DFIDSA person located in Zambia to link with EAC is seen as a positive initiative but without this sort of specific role cross office relationships do not appear to be institutionalised.

1.2 For Example what does DFID Pretoria think about?

- SACU+ A lot of speculation, not sure about the Government of Mozambique (GoM) drive for this. South Africa is providing development cooperation instead of budget support through SACU agreements.
- Zimbabwe. Trade links between Zimbabwe and Mozambique are traditionally very strong.

Why Pretoria?

1.3 DFID Mozambique's view on the regional programme being based in Pretoria mirrors perception of the GoM that South Africa is a self-contained/inward looking country. The fact that most regional programmes have their operational base and main activities in South Africa reinforces this perception.

1.4 Mistrust between the two countries is still prevalent for example:

- the recent press coverage suggesting that South Africa was behind some industrial sabotage;
- the perceived risk of Mozambique becoming a competitor (especially given its port access);
- the view of South Africa as the worse polluter on the continent; and
- South Africa having its own relationship with the EU which suggests a lack of commitment to SADC.

1.5 During the apartheid regime, South Africa's aim was to dominate the region at all levels with neighbouring countries seen as sources of labour and consumers of South African goods. South Africa is still dominant in economic and political terms – this is not a relationship of equals. However, the number of Lesotho migrants living in South Africa has drastically reduced (from

[103] See internal document Regional Working Networks.

200,000 to 50,000) compared to the post-apartheid years. There are similar changes in relation to migration from Mozambique.

> '*From a regional migrant labour policy, South African capitalism has moved to regional investment policies and strategies that favour expansion and internationalisation of South African firms and control over production and markets, at the same time that labour and labour relations are restructured at home.*[104]

1.6 As well as the political economy of the region there are internal cultural concerns related to the location of the DFID Regional Programme in Pretoria. Other offices including Mozambique have concerns about perceptions and operational aspects. The only common advantage seems to be logistics.[105]

Which regional programmes?

1.7 DFID Mozambique advocates a focus on regional issues that promotes regional cooperation and interaction at strategic level with SADC. For example in the water sector the approach should go beyond project implementation as it is now with GTZ. Other sectors could include energy with a Southern African power pool. DFID Mozambique is not impressed with the Climate Change regional proposal. They would like to see DFIDSA stepping up their game.

DFID in Tete Province

1.8 The Tete Province is of regional importance with the mining potential and the huge transport logistics. The main question is: what is DFID's comparative advantage? There are several options:

1. DFID could play a brokering role (link with private sector, influencing IFIs etc).
2. DFID could focus on specific issues (HIV/AIDS)
3. DFID could identify the gaps in technical expertise 'orphan sectors' (for example, urban planning).
4. DFID could focus on its established areas of comparative technical expertise for example, tax reforms.

1.9 Main challenges seem to be weak government leadership; planning organisation in Zambisi politically appointed; lack of interest towards donors; some GoM officials won't meet DFID.

2. Growth and Development in Mozambique

2.1 Mozambique has experienced economic recovery since the end of the conflict in 1992, though this has been from a very low base. The main concern for the majority of the population in the aftermath of the war was clothing followed by education, health, water and sanitation. There has

[104] Carlos-Branco 2002.

[105] See Rules of Engagement Country Office views.

been some important progress with public services, with better access but quality remains questionable.[106]

2.2. The GoM budget shows strong commitment to poverty reduction with 80% of total expenditures going towards pro-poor spending (infrastructure, water, health, education, HIV/AIDs, early warning systems for natural disasters etc). The focus is now on the productive economy and mega-projects. The issue of corruption needs to be addressed urgently to ensure that growth will lead to inclusive development. (Political economy benefits the ruling elite – now stakeholders in mega-projects through government shares).

2.3 Given the promises made during the 2009 electoral campaign the challenge for the incoming government will be to manage expectations.

Pro-poor Economic Growth – Which Policy Mix?

2.5 GoM is learning but there is still little knowledge of how investors operate and what their incentives are. In the past they have been given more than they bargained for (e.g. tax holiday). South Africa is creating its own demand, with electricity imported from Eskom. South Africa private sector interest is not that big in Lesotho – predominantly Taiwan and mainland China. Cheap labour is no longer irrelevant – what is needed is skilled labour. There is a need to distinguish between what is required to attract FDI and what is required to fuel the economy.

2.6 There is a similar situation with bio fuel where GoM is investing in bio fuel with donor support because of oil prices but little thought is being given to what is happening elsewhere in the energy sector through market intelligence and projections.

How can Mega-Projects Benefit the Mozambican Economy?

2.8 Mega-projects are unlikely to generate permanent local employment. More investment is required in agriculture and this has started to happen. However, some economists are not keen on the term pro-poor growth; i.e. invest where the poor are making a living. For example, ComMark invested in cashew nuts but the market is likely to die because it is unsustainable given competition from India.

2.10 As noted in World Development Report 2009, economic growth is by nature unbalanced, but development can be inclusive if the right policy mix is used.

> "As economies grow from low to high income, production becomes more concentrated spatially. Some places—cities, coastal areas and connected countries—are favoured by producers. As countries develop, the most successful ones also institute policies that make living standards of people more uniform across space. The way to get both the immediate benefits of the concentration of production and the long-term benefits of a convergence in living standards is economic integration."[107]

[106] Group of 20 (2004) RAP Annual Poverty Report 2004, *Fighting the Causes of Poverty, Mozambique Poverty* Observatory, Southern Africa Regional Poverty Network: Maputo.

[107] World Bank (2009) Vol 1, p1.

2.11 With fiscal decentralisation, districts have now some financial resources to fund private sector development. This could help ensure that the North/South Corridor will benefit small businesses and the informal economy especially in trade and services. It should also help toward the formalisation of the economy. However, improvements in cross border trade and access remain.

> ”To qualify for duty free access, traders would have to produce a certificate of origin to customs officials which guarantees that the goods indeed originate from within the SADC region. This is based on a detailed list of product specific rules of origin. Concerns have been raised by the business community about the need to decentralise the certification process so as to reduce transaction costs. Moreover, with all its good intentions, the current certification process does not suit small traders or the multitude of informal cross-border traders precisely due to the quantities that they deal in. It simply would not make economic sense for most such traders to run between suppliers and relevant authorities for certification where small quantities are involved.”[108]

2.12 The main challenges to Mozambique becoming a growth hub for Africa are road maintenance and rural roads.

[108] Vines, A. 2008 p3.

ANNEX 5: Development Indicators for South Africa

Key Indicators	2000	2005	2006	2007
World view				
Population, total (millions)	44.00	46.89	47.39	47.85
Population growth (annual %)	2.5	1.2	1.1	1.0
Surface area (sq. km) (thousands)	1,219.1	1,219.1	1,219.1	1,219.1
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
GNI, Atlas method (current US$ billions)	134.41	225.48	256.60	273.90
GNI per capita, Atlas method (current US$)	3,050	4,810	5,410	5,720
GNI, PPP (current international US$ billions)	284.26	389.89	423.78	452.27
GNI per capita, PPP (current international US$)	6,460	8,310	8,940	9,450
People				
Income share held by lowest 20%	3.1	..	..	..
Life expectancy at birth, total (years)	56	51	51	50
Fertility rate, total (births per woman)	2.9	2.8	2.7	2.7
Adolescent fertility rate (births per 1,000 women aged 15-19)	75	65	63	61
Contraceptive prevalence (% of women aged 15-49)	..	..	..	..
Births attended by skilled health staff (% of total)	..	..	..	..
Mortality rate, under-5 (per 1,000)	74	65	..	59
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	..
Immunisation, measles (% of children ages 12-23 months)	77	84	85	83
Primary completion rate, total (% of relevant age group)	90	92	..	..
Ratio of girls to boys in primary and secondary education (%)	100	100	..	..
Prevalence of HIV, total (% of population aged 15-49)	15.9	18.2	18.2	18.1
Environment				
Forest area (sq. km) (thousands)	92.0	92.0	..	..
Agricultural land (% of land area)	82.0	82.0	..	..
Renewable internal freshwater resources per capita (cubic meters)	..	..	..	936
Improved water source (% of population with access)	89	..	93	..
Improved sanitation facilities, urban (% of urban population with access)	65	..	66	..
Energy use (kg of oil equivalent per capita)	2,529	2,722	2,739	..
CO2 emissions (metric tons per capita)	8.4	8.7	..	..
Electric power consumption (kWh per capita)	4,417	4,858	4,810	..

Economy				
GDP (current US$) (billions)	132.88	242.34	257.12	283.01
GDP growth (annual %)	4.2	5.0	5.4	5.1
Inflation, GDP deflator (annual %)	8.8	5.2	7.2	8.9
Agriculture, value added (% of GDP)	3	3	3	3
Industry, value added (% of GDP)	32	31	31	31
Services, etc., value added (% of GDP)	65	66	66	66
Exports of goods and services (% of GDP)	28	27	30	32
Imports of goods and services (% of GDP)	25	28	33	35
Gross capital formation (% of GDP)	16	18	20	21
Revenue, excluding grants (% of GDP)	26.3	30.7	32.0	32.0
Cash surplus/deficit (% of GDP)	-2.0	-0.2	1.4	1.7
States and markets				
Time required to start a business (days)	..	35	35	31
Market capitalisation of listed companies (% of GDP)	154.2	233.3	278.1	294.5
Military expenditure (% of GDP)	1.6	1.6	1.5	1.4
Mobile cellular subscriptions (per 100 people)	19	72	84	88
Internet users (per 100 people)	5.5	7.7	7.8	8.3
Roads, paved (% of total roads)	20	..	..	..
High-technology exports (% of manufactured exports)	7	7	6	6
Global links				
Merchandise trade (% of GDP)	44.9	47.0	52.7	56.8
Net barter terms of trade (2000 = 100)	100	109	118	127
External debt stocks, total (DOD, current US$) (millions)	24,861	31,099	35,549	43,380
Total debt service (% of exports of goods, services and income)	9.8	4.5	6.7	5.9
Net migration (thousands)	388	75	..	..
Workers' remittances and compensation of employees, received (current US$) (millions)	344	658	734	834
Foreign direct investment, net inflows (BoP, current US$) (millions)	969	6,522	-184	5,746
Official development assistance and official aid (current US$) (millions)	487	680	720	794

ANNEX 6: STAFF TIMELINES

Table 1. Home Civil Service Staff

(*Green Italics* denotes staff currently in post)

Post/Name	2002	2003	2004	2005	2006	2007	2008	2009
Head of Office								
2002-2004								
2004-2006								
2006-2008 (Prev. Deputy Head)								
2008-Ongoing								
Deputy Head of Office								
2002-2003								
2004								
(Also Prog. Manager Lesotho, Regional)								
2005 (Prev. Programme Manager)								
2006-2006								
2006-2007 (Prev. Regional Hum Adviser)								
2007-2009								
2009-Ongoing								
Advisers								
2003-2006 Regional Humanitarian Adviser								
2004-2006 Regional Conflict Adviser								
2007-2009 Regional Conflict Adviser								
2006-2008 Resilient Livelihoods Theme Leader								
2008-2009 Resilient Livelihoods Theme leader cover (Prev. HIV and AIDS Adviser)								

Post/Name	2002	2003	2004	2005	2006	2007	2008	2009
2009-Ongoing, Resilient Livelihoods: Theme Leader (prev regional trade adviser)								
2002-2004 Sen. Soc Devt Adviser								
2004-2007 Soc Dvpmt Adviser								
2008-Ongoing, Soc Dvpmt Adviser								
2002-2005 Sen. Governance Adviser								
2006-Ongoing, Senior Economic Adviser, Theme Leader GTI								
2002-2003 Economic Adviser								
2004-2007 Economic Adviser								
2007-2008 Economic Adviser								
2008-Ongoing, Economic Adviser								
2002-2003 Economic Adviser								
2003-2009 Regional Trade Adviser								
2002-2004 Senior Education Adviser								
2002-2003 Senior Engineering and Environment Adviser								
2003-2005 Engineering Adviser								
2003-2005 Environment Adviser								
2002-2006 Senior Private Sector Development Adviser								
2002-2003 Senior Health Adviser								
2002-2003 Reproductive Health Adviser								
2003-2006 HIV and AIDS Adviser								
2007-2009 HIV and AIDS Adviser								
2009-Ongoing, Health, HIV and AIDS Adviser (Temp Cover)								

Post/Name	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
2002-2006 Senior Livelihoods Adviser, (and Programme Manager Lesotho)								
2002-2003 Livelihoods Adviser, BLNS								
2002 Enterprise Adviser								
2002-2004 Statistics Adviser								
2004-2007 Regional Statistics Adviser								
Programme Support								
2002-2004 Programme Manager (then Deputy Head)								
2002-2003 Deputy Programme Manager								
2002-2003 Deputy Programme Manager, BLNS								
2006 Programme Delivery Manager Bilateral								
2006-2008 Programme Delivery Manager Bilateral, Programme Manager TP								
2007-Ongoing, Deputy Programme Manager								
2009-Ongoing, Regional Programme Development Manager								
2002 Programme Officer								
2003-2004 Programme Officer								
2005-2006 Programme Officer Angola								
2002-2006 Programme Officer, Country Rep Lesotho								
2002-2005, Country Rep Botswana								
2007-Ongoing, Country Rep Lesotho, Head CSS								

Post/Name	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Admin Support								
2002-2003 Finance and Contracts Manager								
2002-2005 DPM, Office Manager								
2003-2004 IT Manager								
2002 & 2004-2005 IT Manager								
2005-2006 Acting HR Manager								
2006 Corporate Compliance and Information Manager								
2007-2008 Communications Manager								
2004 DPM Governance Service Delivery								

Table 2. Staff Appointed in Country

(***Green Italics*** denotes staff currently employed)

Post/Name	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Programme Management								
2002-Ongoing, Programme Manager								
(Previously Head CSS, DPM, Programme Officer and Admin)								
2002-2008, Regional Programme Manager (Previously DPM)								
2005-2006 Regional IS Manager								
Advisers – Pretoria								
2002-2003 Sustainable Livelihoods								
2002-2006 Sustainable Livelihoods								
2002-2004 Education Adviser								
2005-2006 Education Adviser								
2002 Governance Adviser								

Post/Name	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
2003-2006 Governance Adviser 2006-2009 Governance Adviser 2005-2007 Private Sector Dvpmt Adviser *2008-Ongoing, Regional Trade Adviser*								
Advisers – Lesotho 2002-2007 PRSP Adviser Advisers - Swaziland 2002-2005 Water and Sanitation Adviser								
Country/Provincial Representatives 2002-2005 Namibia 2003-2005 Eastern Cape								
Programme Support **Pretoria:** 2002-2004 DPM (Previously Admin) *2002-Ongoing, DPM (Previously Programme Officer and Admin)* 2003-2008 DPM (Prev. Programme Officer) 2002-2006 DPM (Previously Programme Officer and Admin) *2002-Ongoing, Officer, DFO, Office Manager* 2002-2007 Programme Officer (Previously Admin) 2002-2007 Programme Officer (Previously Admin) 2002-2008 Programme Officer (Previously Admin) 2002-2006 Programme Officer (Previously								

Post/Name	2002	2003	2004	2005	2006	2007	2008	2009
Admin)								
2002-2004 Programme Officer								
2002-Ongoing, Programme Officer *(Previously Admin)*								
2002-Ongoing, Programme Officer								
Emily Singini, Programme Officer								
2002-Ongoing, Programme Officer *(Previously Admin)*								
Angola:								
2003-2008 Programme Officer								
Botswana:								
2003-2006 Programme Officer								
2002-2004 Programme Officer								
Lesotho:								
2003-2006 Programme Officer								
Namibia:								
2002-2003 Programme Officer								
Swaziland:								
2002 Programme Officer								
Admin Support								
Pretoria:								
2002-2005 HR Manager								
2002-2003 Security Manager								
2002-2005 Security Manager								
2007-Ongoing, Security Manager								
2002-Ongoing, Accounts Officer *(Previously Programme Officer)*								
2002-2009 Admin, Accounts Officer								
2002-2007 Admin, Accounts Officer								

Post/Name	2002	2003	2004	2005	2006	2007	2008	2009
2002-Ongoing, PA, Admin								
2002-2003 PA								
2002-2008 PA								
2002-Ongoing, Admin								
2002-Ongoing, Admin								
2002-2007 Admin								
2002-2005 Admin								
2002-2004 Admin								
2002-2005 Admin								
2002-2006 PA, Accom, HR Officer								
2007-2009, Admin								
2002-2007 Admin								
2002-2009 Admin								
2002-2009 Admin								
2007-2009 Admin								
2002 Admin								
2002 PA, IT Administrator								
2002 IT Administrator								
2004 IT Administrator								
2004-2007 IT Administrator								
2007 IT Administrator								
2007-2009 IT Administrator								
2002-2007 Driver and Admin								
2002-2004 Driver								
2002-2006 Driver								
2002-Ongoing, Driver								
2004-2007 Driver								
2002-2006 Cleaner								
Botswana:								
2002-2004 Accounts Officer								

Post/Name	2002	2003	2004	2005	2006	2007	2008	2009
2004-2007 Driver/Admin								
Lesotho:								
2002-2006 Admin								
2002-2005 Admin								
Zimbabwe:								
2002-2003 DFO								

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