# Contents



# Annex 4
# *A review of ODA by sector cluster*

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## Cluster 1: Economic Investment and Employment cluster

***Introduction***

Whilst acknowledging both the renaming of the cluster and the restructuring and renaming of several of the key departments in the cluster since the late 2000s, for the purposes of this review the Economic Investment and Employment cluster (more recently referred to as the Economic Sectors and Employment cluster) will include the following departments:

- Department of Agriculture
- Department of Environment and Tourism
- Department of Labour
- Department of Minerals and Energy
- Department of Provincial and Local Government
- Department of Public Enterprises
- Department of Public Works
- Department of Science and Technology
- Department of Trade and Industry
- Department of Transport
- Department of Water Affairs and Forestry

The main objective of the Economic Investment and Employment Cluster is to accelerate the growth and transformation of the economy in order to create decent work and to ensure that all South Africans have a sustainable livelihood. For this reason the sector has been at the forefront of a series of initiatives since 1994 to make the economy more effective and more productive, these included:

- RDP – Reconstruction and Development Programme. This initial ANC plan set out priorities and strategies for most aspects of development for the new democracy and informed many government decisions in the first 5 years of democracy.
- GEAR – Growth, Employment and Redistribution. This policy of the GoSA has been the key driver of SA's macro-economic policy since June 1996.
- ASGISA – Accelerated and Shared Growth Initiative for South Africa was launched February 2006 with explicit objective of removing systemic and sectoral obstacles to growth with its target of halving unemployment and poverty between 2004 and 2014.
- JIPSA – Joint Initiative on Priority Skills Acquisition was established by Cabinet in 2006 to support ASGISA in the field of human resource development with a view to relax the importation of foreign skills, improve employability and reduce poverty.

More recently, Cabinet endorsed Vision 2014, which informs the MTEF for 2004 to 2009. Whilst it contained seven key objectives, two spoke directly to this sector, namely:

- Reduce poverty and unemployment by half
- Provide the skills required by the economy

In order to specifically achieve these two objectives the sector has identified and developed interventions for a host of development imperatives that will ensure that employment is promoted, that investments and exports continue to grow and ultimately create a "pro-employment macroeconomic environment"

Moreover, the sector is also implementing programmes to facilitate sustainable resource management and use and thereby ensure that South Africa "follows a sustainable development trajectory". A further important aspect of the cluster's approach to promoting the economy is to also ensure the implementation of activities that will ensure the effective agrarian and land reform in the rural areas and thereby contribute to increased food security.

***ODA in the Economic Investment and Employment cluster***

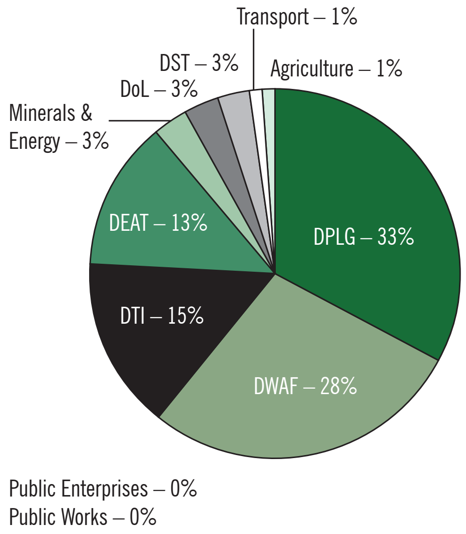
With regards to ODA (and only funds that went through the RDP Fund) the Economic Investment and Employment cluster received by far the largest amount of ODA of any sector, approximately R21 billion (42% of the total) during the period under review.

The projects funded from this cluster through the RDP shows that within the Economic Investment and Employment sector the spread across the sector certainly aligns with priorities. Examples of key initiatives that received ODA funding included:

- Agriculture, Forestry and Fishing Capacity-Building, Education Capacity-Building
- Biodiversity and Protection
- Employment and Skills Development
- Industry, Mining and Construction Capacity-Building
- Local Economic Development
- Water and Sanitation Services, Water Resource Management , Water Supply and Sanitation Capacity-Building
- Land Reform
- SMME Promotion
- Financial Management Capacity-Building

In Figure 1 it can be seen that the Department of Provincial and Local Government (DPLG) received the largest amount of ODA during the period of review (33% of the total ODA to the sector) followed by the Department of Water Affairs and Forestry (DWAF - 28% of total ODA in the sector) and the Department of Trade and Industry (DEAT – 15% of total ODA).

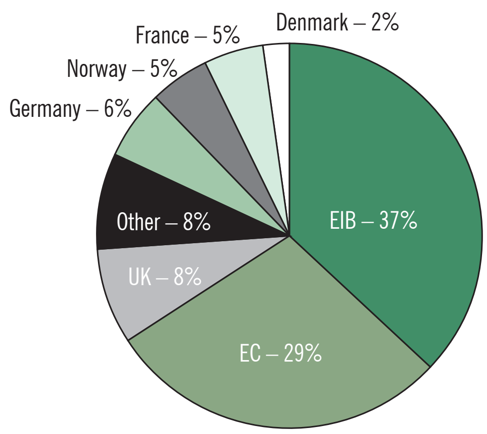
***Figure 1: Total ODA to Economic Investment and Employment cluster from 2000 – 2008, by size of contribution per department***




*Source: RDP Fund*

Figure 2 illustrates that with respect to the donors, the EIB (37%) and the European Commission (29%) were the biggest donors in the sector, providing two-thirds of all ODA to the sector. Other donors providing significant amounts of ODA to the sector included the United Kingdom (8%), Germany (6%) and France (5%).

***Figure 2: Total ODA to Economic Investment and Employment cluster from 2000 – 2008, by size of contribution per donor***




*Source: RDP Fund*

***Aid Effectiveness in the cluster***

In discussing effectiveness of ODA in the sector reference is made to three case studies. The first is the EC Funded Labour Market Skills Development Programme (LMSDP). The Financing Agreement for the programme was singed in May 1998, the programme effectively began in 1999 and the first phase was scheduled to end in 2001, but in effect ran until 2004. A second phase began in 2005 and was scheduled to end in 2009. The LMSDP was supported by a grant of R228 677 900,00 (53% of the total budget) from the Delegation, and R200 128 955,00 (47% of the total budget) from the Department of Labour's own funds.

The second case study that will be referred to is the Water Services Sector Support Programme (WS-SSP), known as Masibambane (MSB). In this case study reference will primarily be made to Phase 1 (2001 – 2003) and Phase II (2004 – 2007) of MSB. A key feature of this programme is that it is South Africa's only true sector wide approach to programming (SWAP). Its overall objective is to provide basic water supply and sanitation services to poor communities throughout South Africa. The programme is co-financed by the South African Government and EU and Ireland cooperation programmes. The United Kingdom cooperation programme provides parallel funding. At the time the programme was initiated the sector budget reflected in Masibambane was estimated at approximately R2.22 billion for the first three years (2001-2004) and approximately R3.96 billion for the next three (2004-2007). The EU contribution to the WS-SSP amounted to 75 million Euros for Masibambane I and 50 million Euros for Masibambane II, both in the form of a direct contribution to the South African government budget. Other notable contributions to MSB were also received from Irish Aid (R63.5 million) from the Royal Dutch Embassy (R41.7 million), and from the Swiss (R9.5 million) during the period under review.

The third case study is the Private Sector Support Programme – Risk Capital Facility (RCF), which began in March 2002 and was funded by the EC in the amount of R373 million for a period of 42 months, and ended in September 2005. The programme consisted of three components, namely i) investments funds (either through the Industrial Development Corporation or niche investment funds); ii) Technical Assistance/business support to end beneficiaries; iii) Technical Assistance to the Department of Trade and Industry (DTI).

How have ODA funded programmes faired in the province? Using the central pillars of the Paris Declaration a quick snapshot is provided to give the reader a sense of where ODA has been effective and where it has not been.

***Ownership***

Ownership of the MSB programme was ensured by the sector developing and then implementing the Water Services Sector Support Strategy. Thus the programme and the strategy were integrated. In terms of Sector leadership this was provided by the then DWAF, which provided for dedicated development of sector strategy, review of the regulatory frameworks and mobilisation of resources for the sector. It should be noted, however, that at inception, there was actually no sector strategy and that the development of the sector strategy became one of the interventions for reinforcing the SWAP approach. Moreover, albeit that DWAF took the lead, all the structures developed to provide oversight of the programme included all the sector partners from the outset, including DPLG, SALGA, civil society, donors and the private sector.

With respect to the LMSDP in the Department of Labour, ownership proved to be a challenge at two levels. At a management level, the PMU largely drove the programme with some level of accountability to existing management structures in the Department. Whilst the PMU did witness its fair share of staff turnover, the programme as a whole was instrumental in driving the key policies of the Department (e.g. the Skills Levy and the operationalisation of the SETAS) and this did ensure a level of ownership of the programme by the Department. At the operational level, the evaluation reports noted that "the boost of technical assistance through experts proved too heavy for the thinly staffed ESDS Directorate. As a result TAs filled the gap of DoL staff instead of transferring know-how to counterparts".

The RCF was implemented by IDC on behalf of DTI, and in a closing working relationship EIB. Evaluators found that the programme addressed a specific need in South Africa, namely that the existing financial market was unable (or unwilling or lacked the capacity) to provide funding for viable income/employment generating projects where the risk was perceived as being too high or the exposure too great. The IDC, because of its track-record of profitably investment and high standards of professionalism was seen to be the appropriate owner of the programme. Oversight of the programme is ensured by a Project Steering Committee that includes the DTI, and the minutes of the PSC reflect that the Department is kept up to date with the performance of the RCF.

***Alignment***

All funding for MSB flowed through existing National and Provincial Treasury systems and then to the Department of Water Affairs finance department, and are subject to the South African Public Finance Management Act (PFMA). This was ensured from the start as a result of joint programming for the SWAP. As noted above, the programme developed and then implemented the sector's strategy for water services, and thus was closely aligned to an indentified priority of the sector.

The policy development and subsequent activities of the LMSDP were closely aligned to the DoL' stated objective of increasing and improving the number of skilled South Africans. Thus the programme was closely aligned at the policy level. However, by virtue of the fact that the programme was managed by a PMU, and utilising EC procurement procedures, meant that the DoL had to establish a specific financial management function to oversee the finances of the PMU. In addition, independent audit firms performed annual audits of the programme.

The RCF programme was closely aligned to a sector priority (increasing income generating opportunities) and addressed a specific need which others were reluctant to fill. Thus the programme provided opportunities for start ups, small initiatives that wanted to expand, new market entries and so on. Moreover, as noted by evaluators of the programme, the fact that the RCF was not marketed specifically as a facility to the general public but rather to IDC's Strategic Business Units (SBUs) ensured strong alignment between the programme and the strategic intent of both the IDC and the DTI, and the sector as a whole.

Whilst the evaluators note that much of the finances flowed directly through the IDC, problems were nevertheless encountered with the business support component within the programme (specifically aimed at disseminated much needed technical, financial and management skills to members of historically disadvantaged communities). At the time of the evaluation report the evaluators noted that due to incompatibilities between IDC and EU procurement procedures in the first 18 months of the programme none of this support had been provided.

***Harmonisation***

The then Department of Water Affairs whilst responsible for the overall organisation and implementation of MSB worked closely with other stakeholders, particularly with DPLG and SALGA at national level and with the provincial Departments for Local Government and Housing, the municipalities and CBOs at provincial and local level. Moreover, to ensure harmonisation amongst donors, donors contributed directly to the RDP fund which was then used to finance initiatives that were part of the original strategy. This precluded donors from operating outside this sectoral initiative. Moreover, donors such as the EC, Ireland and the Swiss regularly attended MSB meetings both at national and at regional level.

With respect to the LMSDP, few other donors were operating in this area and thus harmonisation was not of major concern. Nevertheless, where for instance activities did overlap, for instance the GTZ funded Active Labour

Market Strategy (ALMS): Phase 1, the evidence is that this initiative worked closely with the LMSDP.

In the case of the RCF, this was established precisely because others were reluctant to get involved in the area and thus harmonisation was not an issue.

***Results based management***

MSB supported the conceptual development of a new monitoring and evaluation system for both DWAF and ultimately the sector. This M&E system sought to track achievements of the strategic framework for water services that was approved by the Cabinet in September 2003 in the context of rapid decentralisation.

It also sought to contribute to sector processes at three levels: i) national for strategy and policy, ii) region for tactical planning, and iii) Water Sector Agencies for implementation and operations, through detailed indicators for 19 knowledge topics. Evaluation reports suggest that this system was fairly effective in monitoring the achievement of the results of the MSB, but it should be highlighted that the system primarily dealt with progress being made by the sector in alleviating the water supply and sanitation services backlog and was largely separate to any other M&E system that DWAF used to measure the progress of all the other key aspects of its mandate.

Although attempts were made within the LMSDP to deliver an effective M&E system the system was never fully operationalised. Evaluation reports suggest that this came about because the PMU management and DoL oversight was relatively poor and thus reporting was not as effective as it could have been. In addition, the limited capacity at the Labour Centres (where much of the programme was meant to have been implemented) meant that overburdened staff struggled to provide timely reports.

Nevertheless, there is considerable evidence of the programme reporting regularly to EXCO against the 6 key result areas of the logical framework, and the programme was effective in documenting, for instance, the number of new learnerships, the amount of Skills Levy raised, and so on.

With respect to RCF, the funds flowed through existing systems within IDC and were thus tracked and held accountable in the same manner that the IDC and DTI used for other initiatives. The meetings of the PSC and other structures suggest that regular reporting was a key feature of this programme. In particular, the evaluators found that reports prepared by the programme were both timely and well documented.

***Implementation***

MSB delivered at two levels, both in terms of policy and in alleviating the water supply and sanitation services backlog. Examples of the policies delivered included

- The Strategic Framework for Water Services (September 2003)
- Free Basic Sanitation Strategy (2003)
- Framework for a National Sanitation Strategy (2002)
- Joint Policy Position Paper (2003)
- Policy Framework for the Introduction of MIG (2004)
- DWAF Strategic Multi-year Plan 2004/5 – 2006/7.

However, evaluators nevertheless noted that whilst support to the formulation and adoption of policy has excelled, policy implementation is a major challenge. Of particular note are capacity constraints at local level that limit implementation of policy. MSB also initiated projects across the country that including tackling the backlog, transferring assets to municipalities (and ensuring that the municipalities received assets that are both functional and financially viable), a significant number of capacity building projects and so on. With respect to backlog targets the programme consistently met or exceeded the targets set during the period under review.

RCF, according to the evaluators, was ahead of targets in committing funds, but behind targets in terms of disbursing funds (e.g. in the first 18 months R130 million was committed to 34 enterprises, whereas only R58.7 million had been disbursed to 19 enterprises through the direct investment channel). The slow pace of finalising contracts appears to have played a crucial role in slowing down the funding of identified projects. As noted previously, the incompatibility between the IDC procurement system and the EC system also provided implementation challenges. In terms of sectoral priorities, a significant number of the enterprises supported by the RCF were in the target provinces (Limpopo, Eastern Cape, and KwaZulu Natal) and in the priority growth areas of Agriculture, Tourism but not in ICT.

***Value add/Impact/Sustainability***

MSB's key achievements are in respect to ensuring that the SWAP entrenched sector-wide thinking and effective support to institutional strengthening at different levels. Specific achievements of the programme in policy, strategy and service delivery have come about as a result of the performance of respective sector partners. MSB has contributed immensely in getting the sector to consolidate the SWAP approach and leverage synergies from multi-sector initiatives. In the period under review the delivery of basic water services has reached over 10 million people in the past 10 years and evidence indicates that the rate of service delivery during the MSB period has effectively been 35% greater than that of the years prior to MSB. Moreover, MSB played a critical role in leveraging government funding. For instance the evaluators of Phase 1 note that the budget support from donors seems to have helped leverage larger government resources, and that at over 4.3 billion Rand, actual expenditure was nearly double the original planned expenditure by the South African government.

With respect to MSB sustainability there are concerns about whether the sector will be able to sustain the level of resources used during the different phases of MSB. Whilst there was a significant change in orientation to move to overall financial viability at WSA level with the necessary subsidies to WSPs by positioning WSS services within the IDP and medium-term municipal budget framework the resources to ensure that assets remain operating and are adequately maintained is an area of concern. The inclusion and treatment of financial issues, according to evaluation reports is low and unless an improved link with IDPs and municipal budgets is effectively addressed issues related to financial sustainability could become problematic.

The value-add of the RCF has already been touched on earlier, the fund was set up precisely because others were prepared to help finance risky enterprises. Thus the likely impact of the programme included providing access to new markets for these enterprises, new jobs were created, increased partnership and or ownership by historically disadvantaged people in enterprises, demonstrating effect on other financing institutions and so on. Whilst the long-term sustainability of the RCF will depend on whether the programme achieves over time its mandate target of 90% capital retention and the degree to which there is an upside on the deals transacted, in the medium-term the success of the programme is assured by injection of further funds by the EC during the period under review.

With respect to the LMSDP the whole concept of learnerships has been successfully established. Notion of labour market information has been established (albeit that there is a disconnect between national stats and provincial stats, and various SETAs have opted out preferring to collect their own stats). Strong focus on in-service training has been promoted across many industries. The levy system, despite all the hiccups, has brought the SETAs into life, and enormous success with regards to NSF funding of social projects which government would have been reluctant to fund otherwise. However, the evaluators of the LMSDP noted that Report claims that due to poor management of the programme (by both the PMU and the DoL more generally) meant that the programme failed to achieve all its strategic objectives and thus the impact was poor. Other examples that contributed to limited impact include: being forced to move away from big projects to pilot projects as initial ideas failed; over-reliance on TAs so few skills were transferred; limited capacity built at the labour centres (in particular social training programmes); silo approach to programme management (interestingly this came about as a result of the log frame – programme was managed along the 6 result areas and there was little sharing between the 6 areas!). From the perspective of sustainability, the LMSDP the PMU disappeared at end of programme, and although DoL staff have been well trained there are too few staff to manage the coordination required by the various Acts linked to Skills Development. However, as the Skills Levy will continue to generate funds, these will be used to continue hiring national consultants to fill the gaps.

***Coordination***

To ensure coordination (and ownership) of the LMSDP, the Department of Labour set up and selected members of the PMU. Moreover, in the initial design of the PMU it was decided that the PMU would comprise management and administrative staff from the recruited consulting companies and the Department. A programme committee was also established to oversee and coordinate the implementation of all projects under the Skills Development Framework. In practice, evaluators suggest that the PMU was largely run by the international consultants (albeit that there was relatively high turnover in the PMU). Moreover, because of the initial design, activities tended to be result area specific (there were 6 Key Result Areas in the programme logical framework) and thus there was little coordination between the different 'silos' that made up the programme. In addition, as noted previously there were often too many TAs for the ESDS Directorate within the Department to coordinate. Nevertheless because reports were presented to EXCO and other management structures in the Department possible issues of overlap/duplication were sometimes highlighted and addressed accordingly.

Coordination within the MSB SWAP was achieved by regular meetings of the *Masibambane Coordinating Committee* (MCC). Whilst the *Water Sector Leadership Group* gave strategic direction to the programme (typically at DG, or their nominated representative, level), the MCC steered the programme. The MCC included representatives from all the key stakeholders in the sector (including national, regional and local representatives, civil society and so on). Moreover, all reporting done at the MCC (typically in the form of a quarterly *Consolidated Water Sector Report*, prepared by the M&E Unit within the Department of Water Affairs) was done against the Key

Performance Indicators (KPIs) that were embedded in Water Sector Strategy. Thus activities were only undertaken provided they contributed to the strategy, and by ensuring there were regular report-backs, management was able to ensure a coordinated approach to the implementation of the strategy.

With respect to the RCP, it was noted above that a Project Steering Committee had oversight of the implementation of the programme by the IDC. Evaluators suggest that the fact that the committee met regularly and that it was well represented by all the key stakeholders meant that the RCP was effectively well coordinated.

## Cluster 2: Justice, Crime Prevention and Security Cluster

***Introduction***

For the purposes of this review, the cluster is made up of the following departments:

- Correctional Services
- Department of Justice and Constitutional Development
- Safety and Security (includes the South African Police Services)
- Independent Complaints Directorate

The main objective of the Justice, Crime Prevention and Security Cluster is to eradicate crime and to ensure access to Justice for all. The goals that the sector has been working towards were established in May 1996 when the National Crime Prevention Strategy was launched. To this end the sector has set itself a number of key priorities to achieve this overall goal of eradicating crime and improving access to Justice, they include:

- Improving the effectiveness of the Criminal Justice System
- Modernising the Criminal Justice Sector
- Accelerating crime prevention and enhancing public safety
- Promoting rehabilitation of offenders
- Combating organised crime
- Transforming the judiciary
- Upholding national security/strengthen border controls
- Combat corruption in the public and private sectors
- Ensure major events happen in a safe and secure environment

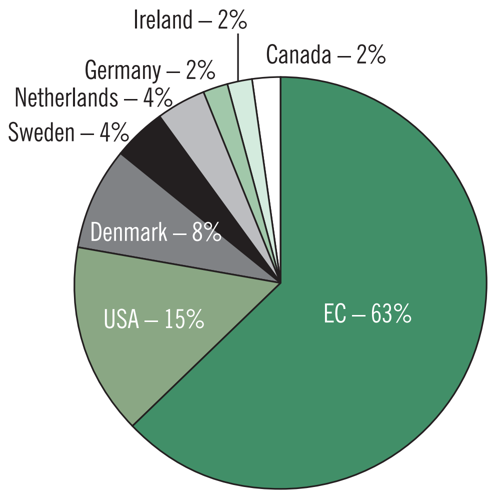
***ODA in the cluster***

With regard to ODA (and only funds that went through the RDP Fund) in the sector received nearly R2,2 billion, which is equivalent to approximately 5% of the ODA given to SA during the period under discussion. Of this amount the DoJCD received approximately 55% of all the aid in the sector (more than R1,2 billion), and the SAPS received the second largest amount (29%) of ODA (nearly R630 million). Whilst assistance from donors to the SAPS equates to roughly 0.2% per annum of total funds received (as per Vote 25, Estimate of National Expenditure), the assistance to the DoJCD from donors is considerably larger and equates to nearly 2% per annum of total funds received (as per Vote 21, Estimate of National Expenditure) in the period under review.

Note that whilst most of the major priorities (as outlined above) have seen some donor funded programmes, however during the period under discussion little to no ODA went towards initiatives that were aimed at dealing with corruption, the rehabilitation of offenders, and strengthening border controls.

With respect to the donors, the European Commission was by far the biggest donor in the sector. Nearly a third (62%) of all ODA funding to the DoJCD came from the EC, and with respect to the SAPS they received an even greater proportion of their aid from the EC (68% of aid to the SAPS came from the EC during this period. Other major donors to the DoJCD (Figure 3) include the USA (15%), Denmark (8%) and the Netherlands (4%).

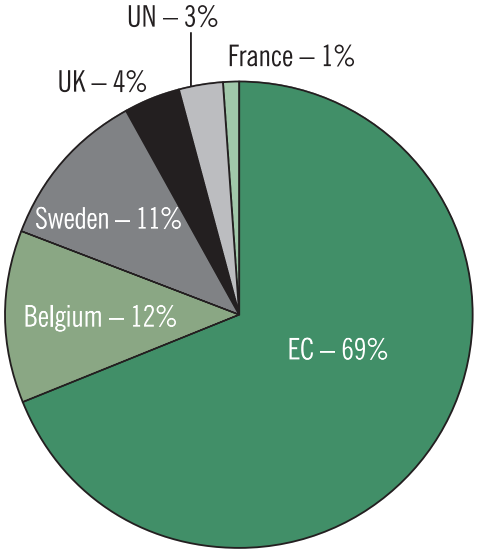
***Figure 3: Total ODA to the DoJCD from 2000 – 2008, by size of contribution per donor***




*Source: RDP Fund*

With respect to the SAPS the pattern of contributions from the donors is slightly different, albeit that the EC again dominates. Other major contributions to the SAPS during this period included Belgium (12%), Sweden (11%) and the United Kingdom (4%).

**Figure 4: Total ODA to the SAPS from 2000 – 2008, by size of contribution per donor**




*Source: RDP Fund*

Although it is not possible to provide exact data from the way information is categorised on the RDP database it is important to point out that whilst ODA has primarily been used by the SAPS for initiatives within South Africa's borders, there been a growing trend for the SAPS to contribute personnel and support to many of the nations in Africa in which the SANDF has been involved. These operations are run through the SAPS national operations headquarters in South Africa. Operations have included observers in Darfur, and election monitoring in the DRC and Comoros. In most instances part of the costs of these missions has been classified as trilateral aid.

***Aid Effectiveness***

In discussing effectiveness of ODA in the sector reference is made to three case studies. The first is the eJustice Programme, funded primarily by the EC but also supported by the Royal Dutch Embassy and Irish Aid. The eJustice programme ran from 2000 to 2007 under the guidance of the DoJCD. The total budget for the programme (according to the RDP database maintained by IDC) was R948,000,000, of which R537,000,000 (57%) was provided by the donors and the remainder (43%) were own voted funds.

The primary objective of the eJustice programme was to modernise and reform the administration and delivery of Justice in South Africa by using "appropriate enabling technology" (primarily information technology in the form of networks, databases, and the distribution of computers across the system).

The second case study that will be referred to is the EC funded Support to Policing of Crimes Against Women and Children in the Eastern Cape (CAWC) which ran from 2004 to 2008. The total budget for this programme (according to the RDP database maintained by IDC) was R59,883,120. The primary objective of the programme was to improve the safety and security of all who live in the Eastern Cape, with a particular focus on vulnerable groups in the province including women and children. Emphasis in the programme was on developing appropriate policies, building appropriate capacity in the relevant officials and supplying relevant physical resources and infrastructure to ensure improved service delivery to the direct beneficiaries.

The third case study is the French Embassy funded Support to the Safety and Security and to the training of the South African Police. The programme started in 2001 and was completed in 2005. The total budget for the programme was R3,585,606 (according to the RDP database maintained by IDC), of which the French provided a third (R1,177,328) and the Department provided two thirds from their own funds. The primary aim of the programme was to contribute to professionalising the services in order to ensure that SAPS was more effective in combating serious crimes. Specific goals of the programme included providing assistance to the Hammanskraal Detective and Intelligence Academy, training of trainers and ensuring specific resources were provided to selected investigation units (such as the Detective Service, the Organised Crime Unit, the Criminal Records Centre and the Bomb Disposal Unit).

How have ODA funded programmes faired in the sector? Using the central pillars of the Paris Declaration a quick snapshot is provided to give the reader a sense of where ODA has been effective and where is has not been.

***Ownership***

Whilst eJustice programme was managed by a unit internal to the DoJCD, this was not the case with regards to the CAWC programme in the Eastern Cape. As the evaluators noted the programme was operated by a Project Steering Committee with strong SAPS representation but implemented by TAs. The main implementation was coordinated by a PIU. Whilst this should not necessarily have been problematic, the fact that roles and responsibilities appear to have been poorly defined within the PIU, and that the project fell between National SAPS on the one side and their provincial colleagues on the other meant ownership was not as strong as it could have been.

So whilst the goals of the CAWC were clearly aligned to both the strategic goals of the sector, in practical terms it appears that there were concerns over whether the programme was "mainstream" or "working on the peripheries" of the Department. Evaluation report suggests that senior managers had not totally bought into the programme.

Interestingly the French supported programme in the SAPS managed to avoid issues of questionable ownership. As the evaluators of this programme noted the key feature was effective nature of the Project Steering Committee, which they found to be highly effective. Key reasons for its success included: i) "the composition of the committee, which involved the strategic services of the SAPS and not the various operational units benefitting directly from the project funds (thus limiting the possible tensions due to the allocation of the project funds"; ii) "the quality of the partnership expressed by a constant liaising and a permanent communication between the members of the Committee" (namely through the TA).

***Alignment***

From the perspective of alignment, there is no question that the goals of the ODA funded programmes in the sector were closely aligned to the priorities of the sector. However, alignment was impaired by a number of programming issues. These relate to the initial design of the programme. For instance, with respect to the eJustice programme evaluators noted that the initial design was too ambitious, management structures not in place at the start and that the initial design did not provide a sequential/logical flow of activities. Similarly evaluation reports of the CAWC programme in the Eastern Cape found that it is no surprise that the PSC could not implement what they set out to do as the objectives were too ambitious.

In terms of budget alignment it is worth noting that both the SAPS and the DoJCD committed considerable resources to the ODA funded programmes during the period under review. In the case of the French funded programme the SAPS committed two thirds of the operating costs of the programme, and in the case of eJustice the DoJCD provided 43% of the necessary funds. In both cases the respective departments clearly demonstrate that these ODA funded programmes were priorities in terms of their own budgets.

However, the ability of programmes to absorb funds varied enormously. On the one hand the eJustice programme absorption of aid was impressive. In most years the programme ran up a deficit, which was offset by the Department's own operating budget. On the other hand, for the CAWC programme in the Eastern Cape – despite an extension of 18 months of implementation – only 55% of the available funds were spent.

The French funded programme in the SAPS, whilst spending all committed funds also struggled with spending initially. Evaluators of the programme noted that certain structural problems (in particular the accounting and administrative systems at the Embassy) may have affected the quality of the project management. This was primarily to do with French financial cycle being out of sync with South Africa, which in the first year resulted in a "4-month freezing of invoicing" which had a devastating impact on a programme that had a high component of the budget earmarked for capital expenditure. There were other delays recorded during the programme, for instance the evaluation report notes that between November 2001 and March 2003 no equipment was purchased (which, in part, explains why funds were rolled over and the programme was extended).

***Harmonisation***

Harmonisation has met with mixed success in the sector. Within eJustice, evaluators noted that the programme displayed sound programme-based principles and that the programme was supported by other major donors in the sector (in particular the Royal Dutch Embassy and Irish Aid). However, although certain aspects of eJustice were conceptualised as multi-stakeholder interventions (e.g. the Court Process Project) in reality the programme became narrowly focussed on the DoJCD as integration with other sector departments proved too complex.

Similarly the CAWC in the Eastern Cape found that attempts to coordinate and integrate activities with other sector players was frustrating and time consuming. Moreover, evaluation reports highlight that as a result of the poor management of the programme, this made it difficult for donors and sector-based departments (such as Social Development's Victim Empowerment Programme) to harmonise their activities. This was exacerbated by, for instance, policy development and activity implementation taking place at the same time. This meant that once the Provincial Crime Strategy is in place, activities had to be refocused/amended and then re-implemented thus making it difficult for other key stakeholders to get involved.

***Results-based management***

The two common features in respect to results based management were that programmes in the sector failed to develop and implement M&E systems at the start of implementation (if they did at all) and that there was often no link between the M&E system of a programme and existing systems used by a department to monitor progress. Thus whilst there is evidence of a gradual shift to results-based management this typically happened outside existing processes in the Department. It should be noted however, that the following comments refer to the historical situation and as noted earlier both the SAPS and the DoJCD have made a concerted effort to integrate the reporting of ODA funded programmes into their existing reporting system (e.g. the ODA unit within the SAPS reports quarterly to senior management, as does the ODA unit within the DoJCD).

Evaluators of eJustice noted that the managers of the programme failed to properly monitor and evaluate the programme. This was also the case with respect to the CAWC programme in the Eastern Cape where there was no coordinated attempt to monitor and evaluate the programme, but rather a series of surveys were conducted instead (such as the Customer Satisfaction Survey and the Service Delivery Improvement Survey). Importantly, evaluators could find little evidence of data from these surveys being used as part of a broader attempt to assess the achievement of results.

Taking this point further, evaluation teams assessing the CAWC noted that there is little evidence that the programme was managed against the specified results (and indicators) in the initial Financing Agreement and that no relationship was established between existing SAPS systems and the programme's M&E system.

***Implementation***

All three of the programmes faced considerable challenges with implementation. In both eJustice and the CAWC programme in the Eastern Cape this was seen to be the result of the poor programme design at the onset. Evaluation reports of the CAWC programme highlight the poor design of the project at the front, and conclude that it is not surprising that the PSC could not implement what they set out to do as the objectives were just too ambitious. An example of this poor design include the fact that a number of the proposed activities included those being delivered by agencies not under the control of the SAPS which meant the SAPS had no jurisdiction over those agencies when they failed to deliver. A further example is that the targets/goals set were unrealistic so, for instance, expecting the building of new police stations by the Department of Public Works within three years was never going to happen.

Moreover, the CAWC programme was hindered by several contractual delays – one of the reasons given was that the contract included an incorrect starting date, which meant a rider (considerably delayed) had to be prepared to change the dates. Other delays included cancellations of tender procedures, unavailability of the PIU and incorrect estimations of the amount of time needed for the tender approval processes. Evaluation reports of the programme also draw attention to the turnover of personnel at the EC delegation and within the PIU created a lack of continuity.

The eJustice Programme encountered several challenges at the start of the programme which affected implementation. In particular, according to the evaluation report of the programme, the original design of the programme. For instance, the timescales indicated appeared rather optimistic for both the scale and complexity of the activities to be implemented.

Moreover, the original logical framework for the programme did not match the overarching business plan for eJustice which meant results-based reporting was not aligned to the original logical framework which led to several time consuming delays as new riders had to be prepared and introduced, and activities were introduced during the life of the project which did not speak to the indicators in either the original or revised versions of the logical framework.

Start-up challenges were also encountered by the French funded programme, evaluators of the programme found that the project was extended four times mainly as a result of poor implementation in the first year. Other challenges also identified by the evaluators include the use of TAs not familiar with the French Cooperation system and language issues (for example, training materials were not always available in English).

***Value add/Impact/Sustainability***

Despite the challenges faced in the implementing the programmes in this sector, notable achievements were scored by all three of the programmes under discussion. eJustice, according to the evaluation reports, in general terms played an important role in addressing the needs for a modern justice system and has improved transparency and accuracy of the work of the DoJCD. Moreover, the programme was found to have had a profound effect in automating processes within the Department. Specific achievements included providing Justice officials with computer, networking and internet facilities as well as computer literacy training; a computerised Guardian's Fund, the State Attorney's System and the Justice Deposit Account System; a Justice Management Information System; and a Court Process pilot which piloted a system to facilitate the electronic filing of documents and dockets in two large Magistrate's Courts (however, the pilot was never rolled out to other Magistrate's Courts).

Nevertheless, the overall impact of eJustice was dampened by recognising that it was easier to install the hardware (such as the IT architecture) than it was in transferring soft skills to users of the system. Moreover, evaluators argue that there was an over reliance on software developers and vendors (primarily from outside the department) and that there was insufficient broadband to run networks at optimal capacity. However, the long term sustainability of the programme remains likely as the DoJCD has remained committed (through the voting of further funds) to eJustice. Further IT implementation/ modernisation will continue and the drive to facilitate interoperability between systems will continue.

Although the ability to absorb funds was not optimal, the CAWC programme in the Eastern Cape did deliver results in all of the Key Result Areas and that the programme was well integrated into the activities of the SAPS. Some success was achieved with the Victim Friendly Centres, and the Community Service Centres, also through the mobile investigative unit (ICD), the development of the Provincial Crime Prevention Strategy. Furthermore several models of best practices were identified (e.g. one-stop model for victims of sexual offences and violent crimes) which will be rolled out at national level). 25 Victim Support Centres provided, Operational mobile police stations, Mobile training units developed and training conducted throughout the province.

Yet the overall success of the CAWC was hampered by a high turnover of international long term TAs (in particular there were at least three different heads of the PMU during the life of the programme) and untargeted capacity building. For instance, none of the project managers for the project were drawn from those the project trained, nor were they provided with any training subsequent to their appointment. However, the evaluation reports were optimistic about the likely sustainability of the programme noting that several of the training programmes have been institutionalised and most of the activities have been incorporated into operational plans as part of normal business for the SAPS in the province. Moreover, the close alignment between the Provincial Crime Prevention Strategy and the PGDS for the province should also ensure sustainability.

In terms of the French funded programme the evaluation reports note that despite a lack of clarity in the initial design, the objectives were closely aligned with the SAPS efforts to combat priority crimes and that most of the activities were implemented according to the needs of the SAPS. However, the evaluators also noted that "the efficacy could have been further improved should the availability of the French experts providing training been stronger". Again the suggestion being made here is that the choice of international consultants is not always optimal for the roles and responsibilities expected of them in ODA funded programmes.

Nevertheless, the impact of the programme was strong. Examples include the regional impact of the program (SAPS better equipped to involve itself in joint run SADC activities). With French back training the SAPS is better placed to assist Francophone countries in the Great Lakes Region. Other specific gains included - helping to modernise the National Fingerprint Laboratory; training on crime scene management, training the Bomb disposal unit, and updating the equipment used by the Computer Crime Investigation Unit.

***Coordination***

Whilst formerly programme integration and coordination in the sector is overseen by the Cabinet committee responsible for the sector and the corresponding administrative structure of the Forum of South African Directors-General (FOSAD) there is little evidence from the literature relating to this sector that there were effective attempts to synchronise the ODA funded programmes with the broad goals of the sector. This is not to suggest that the programmes were not aligned to the goals of the sector, but rather to point out that there is little evidence of an attempt to coordinate ODA at the sector level[1].

In fact the evaluation of the CAWC programme in the Eastern Cape, makes specific reference to the fact that although the Programme was in keeping with all policy initiatives in the safety and security sector. Responsibility was split between SAPS, MEC Safety and Liaison (E. Cape) and the Independent Complaints Directorate. Whilst this ensured ownership by the Partner Country it did create its own coordination problems.

However, the situation has improved over time within the departments. Within the SAPS, for instance ODA falls under the International Donor Assistance within the Strategic Management section of the department. Importantly the head is an Assistant Commissioner who in turn reports to a Deputy Commissioner, which ensures full support from senior management and also unblocks any blockages in the system. Directly under the Assistant Commissioner is the head of the International Nodal Center (who is a director), under whom falls the Donor Unit. This Unit, which oversees the majority of the donor funded programmes in the SAPS, is led by a Senior Superintendent, and supported by a superintendent (dealing with Trilateral Aid to Africa), two Captains and an Inspector.

Within the Department of Justice and Constitutional Development the directorate responsible for ODA is the Donor Coordination and Programme Management Support. The unit recently (October 2007) prepared a policy framework for donor coordination in the department, which is currently being operationalised. The purpose of the framework is to "enhance the coordination of donor funded activities"[2]. Key features of the framework include

[1] According to Du Plessis, 2009 "Under the aegis of the UNODC the coordination within the field of the fight against drugs is probably the most advanced of the security sector. This coordination takes place mainly through the Dublin mini-group network specialized on drug related matters". He also notes that "Regular meetings are organized within the European Union member countries to improve the aid coordination. France is the leader of this coordination for the security sector".

[2] DoJCD, (October, 2007) Policy Framework for Donor Coordination (ODA)

governing who coordinates ODA in the department, who is responsible for consulting and meeting with donors, how ODA projects will be identified. As noted in the framework document the unit is required on a quarterly basis to report progress on donor assisted programmes to the DG and EXCO. Moreover, the Department intends an annual strategic forum with the donor community in order to strengthen both ownership of donor funded programmes in the department and alignment of programmes to the strategic objectives of the department.

## Cluster 3: The Governance and Administration Cluster

Governance and Administration include the Presidency, Parliament, Home Affairs, Public Works, the National Treasury, COGTA (or the old DLPG), DPSA, the Public Service Commission, PALAMA and Stats SA.

During the period under review, the main objectives of the cluster were:

- to establish capacity for planning and monitoring and evaluation
- to strengthen human resource capacity
- to undertake leadership management development programmes
- to improve financial management
- local government capacity building.

Cluster priorities as represented in the Programme of Action derived from MTSF priorities are capacity development (capacity for planning and M&E at the centre of government; strengthening human resource capacity; strengthening leadership and providing management development programmes; local government capacity building); improvement of financial management; setting up Thusong Service Centres; improvement of frontline offices; anti-Corruption; implementation of the Promotion of Access to Information and to Justice Acts; building partnership and strengthening democratic institutions.

### *ODA to the sector*

Based on the cleaned and updated DCIS database, the Governance and Administration cluster accounts for the third largest proportion of ODA spend in South Africa, with most of the uptake being reflected in the DPLG, DPSA and DBSA.

With regard to ODA (and only funds that went through the RDP Fund) the sector received about R11 billion, which is equivalent to approximately 22% of the ODA given to SA during the period under discussion. Of this amount the DPSA received approximately 26% of all the aid in the sector) and the DPLG received the second largest amount (19%) of ODA. EIB, Denmark and Germany are the largest contributors of aid to this cluster. Nearly two-thirds of all ODA funding to the sector came from the EIB (27.5%) and Denmark (26,8%).

Although it is not possible to determine precisely from the way data is characterised on the RDP database, it is important to point out that whilst ODA has primarily been used by the sector for initiatives within South Africa's borders, there been a growing trend for the sector to contribute personnel and support to many of the nations in Africa in which the government has been involved. In South Africa these operations are run through the DPSA and PALAMA. Operations have included, inter alia, census operations in the Congo and training of SADC by PALAMA/SAMDI. In most instances, part of the costs of these missions has been classified as trilateral aid.

*Figure 5: Cluster spend by Department in the Governance and Administration Cluster*

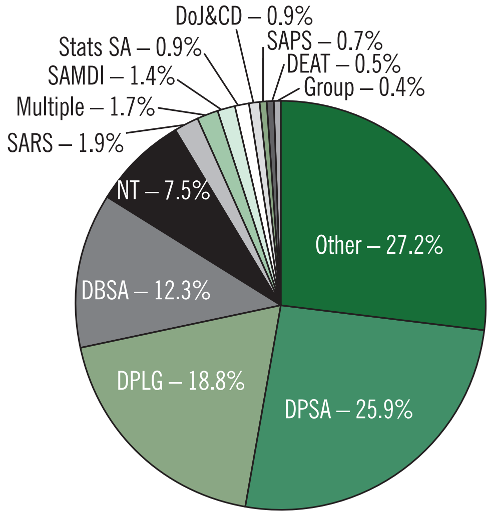
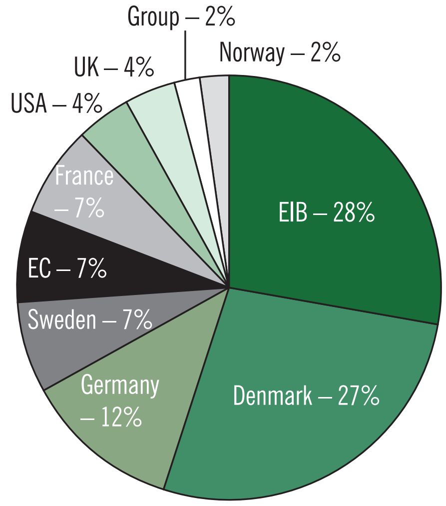



*Figure 6: Cluster spend by Donor in the Governance and Administration Cluster*



***ODA and the Paris Declaration issues***

Data for this section of the report has been derived from the case studies provided by departments, as well as responses by departments to a specific set of questions asked in a written survey. The findings are limited by the restricted availability of case studies and project documentation and the poor departmental response to the survey.

In discussing the effectiveness of ODA in the sector, further reference is made to two case studies. The first is the Integrated Provincial Support Programme (IPSP), funded by DFID. The IPSP ran from 1 December 1999 to 31 July 2006 under the guidance of the DoJCD. The total budget for the programme (according to the RDP database maintained by IDC) was €19,975,000. The primary objective of the programme was to support provincial administrations to achieve their PGDS, with the stated purpose being to enhance the ability of the EC, Limpopo, Mpumalanga and KZN Provincial administrations to achieve service standards as agreed with communities.

The second case study that will be referred to is the Financial Management Improvement Programme II, which commenced in June 2006 and is expected to run until December 2010. The total budget commitment for this programme is €7,950,000.

The Financial Management Improvement Programme (FMIP) Phase II is the project successor to a prior FMIP project intervention which was implemented from 1999 to 2005. The programme aims to support efforts to strengthen the government's financial management capacity in the areas of accounting and reporting; internal control and budgeting through the development of policies and standards, human resources development and organisational capacity building of financial bodies in the central, provincial and municipal sectors. The programme is implemented through the National Treasury, with the focal point being the office of the Accountant General. Other key stakeholders involved in supporting the roll-out of reforms to provincial and municipal levels are:

- the National Treasury divisions
- Specialist Functions
- the Budget Office
- Public Finance
- Intergovernmental Relations
-

The Auditor General's Office is also a key stakeholder.

***Alignment***

As has been a common finding in this study, alignment does not present many challenges in the projects reviewed. Within PALAMA, aid is perceived to be generally aligned with government priorities at a national, sector and provincial level for the review period. The example cited to illustrate this conclusion was the CIDA Gender Mainstreaming Project (GMP).

- The goal, purpose and objectives of the PALAMA/ CIDA Gender Mainstreaming Project (GMP) were conceptualised in consultation with the Presidency, with the South African Government priorities forming a basis for the funding agreement between Canada and South Africa (Minty, 2010).
- The aid provided to SAMDI (EU 2000-2002 for 43 million rand; Flemish 2003 -2005 for 10 million rand; GTZ from 2008 to end Dec 2009 for 3 million rand; Royal Netherlands 2007-2010 for 2.3 million rand still to complete Project) were all in line with the MTSF and Government priority to ensure improved service delivery through skills development (HRD). (PALAMA survey response 2010)

Within PALAMA, aid is reflected in the budget documentation and annual reports, with Treasury receiving funds and administering these to recipient departments.

- The donor funded programmes were reported in the Annual report – please note p 68 of the SAMDI Annual Report for 2006/2007. The integration of aid in budget process is slow – not initially done in SAMDI, but PALAMA is currently picking up on this. (Survey response 2010).

The general indication from departments is that the integration of aid in budget process is slow, and where it is not done, this is due to the absence of capacity or due to the focus of financial offices in departments being on voted funds, resulting in the perception of donor funding being a second priority.

- If Departments did not appoint dedicated personnel in finance to support budgeting and accounting; and ensure that a ODA nodal point exist in a Department for reporting then integration of budgeting and planning did not take place... SAMDI (now PALAMA) only obtained such capacity during the transformation – from April 2008.

Whilst aid may not have been integrated with budget planning, reporting on aid was done as required by donors (e.g. EU required bi-annual reports as well as annual and final reports) note Final report (Public Service Management Development Programme PSMDP 1997-2003) dated July 2003 done by S Janse Van Rensburg appointed on EU contract as M&E officer in SAMDI (Survey response 2010).

The perception is that donor funding should be approved within the budgeting cycle and legal framework (i.e. PFMA of the government of South Africa).

The FMIP II project is now perceived to be well aligned and relevant to improving the financial management capacity of the National Treasury of the Republic of South Africa, especially in light of the adoptions of the Public Finance Management Act (PFMA) in 2000 and the Municipal Finance Management Act (MFMA) in 2004. Under the PFMA, public financial management practices have to be brought in line with modern international standards. Under the MFMA, the same is to be done at municipal level with responsibility lying with the provinces to monitor and assist municipal financial management. The project is also relevant keeping in view South Africa's attempts to broaden its performance auditing of public sector institutions and its replacement of cash-based accounting to one based on accruals. Finally, the project is also relevant to the Government of South Africa (GoSA) and the European Commission's aims of enhancing growth and reducing poverty. However, the original LFM was badly constructed. It has since been improved but is still considered to be very weak.

***Harmonisation***

As with other clusters, the goal of harmonisation has not been achieved with any notable success. In the case of the Financial Management Improvement Programme 2, no links existed with other donor projects despite GTZ, the World Bank, USAID and DFID having had concurrent projects which also aimed to enhance public sector financial management. This is deemed to be the consequence of how the IDC is structured:

- One reason why linkages are poor … the department is divided by donor rather than by sector. Dealing with one or a number of donors enables IDC to comprehend in greater detail the contractual and administrative procedures of those particular donors, however it makes donor coordination difficult. (FMIP II,2008)

However, the 2005 Consolidated Municipal Transformation Programme (in which CMTP worked jointly with USAID to support the dplg, and with GTZ's Support to Local Government Strengthening Programme) reflected the positive effects of achieving harmonisation. The same can be said of the IPSP, where donor cooperation was also enhanced with GTZ participating in the Operations Committee meetings and joint DFID/GTZ support for a service delivery improvement project in Mpumalanga.

***Ownership***

The CIDA project with country strategy papers and annual consultation lead by NT was cited by PALAMA as evidence of the SA government exercising leadership in directing and managing aid.

With respect to the IPSP intervention, from the initial conceptual phase there was high level buy-in and commitment from the DGs in the DPSA and the Provincial Governments. The effective and efficient support and guidance which the staff from DFID-SA Office provided during the different phases of the programme made a significant contribution to the success of the IPSP and the very good relations that existed between the stakeholders.

- There is a benefit in having a credible National Coordinator at national level that can ensure the alignment of the programme with national policies and can 'protect' the projects from being hijacked by strong personalities and/or vested interests. (Evaluation report April 2006).

Survey results indicated that effective government leadership is hampered when funding is not coordinated through the National Treasury, and where there are no ODA nodal points in departmental and bureaucratic processes.

***Result-orientation in management***

As has been a common finding across the clusters, the two common features in respect to results-based management are that programmes in the sector have failed to develop and implement M&E systems at the start of implementation (if they did at all) and that there is often no link between the M&E system of a programme and existing systems used by a department to monitor progress.

Thus, whilst there is evidence of a gradual shift to results-based management, this typically happens outside of existing processes in the Department.

The Governance and Administration cluster notes an exception: the IPSP contained an M&E system that was implemented in all municipalities and provincial departments in the Free State, and this was perceived by the evaluators as having greatly enhanced integrated planning and budgeting. In Limpopo the IPSP supported the review of policies, programmes and mechanisms for integrated planning with respect to poverty alleviation, which led to the establishment of the Policy Coordination Unit in the Office of the Premier.

With respect to the FMIP II intervention, however, the evaluators of the programme have observed that the original Logical Framework Matrix (LFM) was badly constructed, and that although it has since been improved, the LFM remains very weak.

In the Gender Mainstreaming project (GMP), project reporting aligns expenditure to results.

***Mutual accountability***

The Accra Agenda for Action (AAA) calls for promoting political commitment and enhanced common understanding related to mutual accountability, for support to and monitoring of country-level mutual assessment reviews "based on mutually agreed results in keeping with country development and aid policies", and for the review of proposals for strengthening international accountability mechanisms. Confusion however persists over what Mutual Accountability means, but this has not prevented respondents from recognising the importance of the concept. It is generally understood that Donors and partners should be accountable to one another and to citizens for development results. All countries should have the systems to achieve this accountability. Mutual accountability is vital because the relationship between donors and recipients is inherently unequal. While recipients are required to explain their performance to donors in return for funds received, there are virtually no systems that require donors to explain their performance to partner governments and their citizens. There is, however, strong evidence that mutual accountability arrangements can, and do, lead to improvements in donor behaviour. (http://topics.developmentgateway.org/special/mutualaccountability).

In the case of the GMP, operations are guided by PALAMA ODA policy, the Paris Declaration and other relevant legislative frameworks.

In the IPSP, it is noted that, as an outcome of the intervention, the National Treasury launched its own initiative to support provincial treasuries to restructure in accordance with the requirements of the Public Finance Management Act. IPSP supported the establishment of an Asset Restructuring Unit established in the Provincial Treasury of Limpopo. Clearly, this reflects components of mutual accountability in the project.

The FMIP case study presents an interesting set of learning in respect of the effect of poor mutual accountability on the implementation of a project. In the FMIP II, it was observed by the evaluators of the programme that the efficiency of implementation can be divided into two distinct periods. The first period is from the start of the project (i.e. June 2006 until the first half of 2008). This period is marked by:

- the absence of any functioning Project Steering Committee (PSC)
- no Project Coordination Unit (PCU)
- no staff fully dedicated to the project
- long periods where no implementation of the project was occurring.

Along with this, the Office of the Accountant General was understaffed and overloaded and FMIP II was just one of the many activities within the portfolio of the persons in charge of implementing it. This two-year period was largely unproductive, and stakeholders lost interest in the project because of the lack of progress.

The second period started with the establishment of a new PCU and the appointment of a new Programme Director in May 2008. This was followed in August by the appointment of a Capacity Building Officer, Project Officer and Technical Officer. A Project Manager from the Office of the Accountant General was also seconded to work part time with the PCU. The results were dramatic; efficiency of the project increased manifold with the establishment of a competent team which was able to develop good links with key stakeholders both with the Accountant General's Office and beyond it, including:

- those responsible for the MFMA implementation
- the Auditor General's Officer
- the Budget Office
- the International Development Cooperation Office (IDC).

This rekindled the interest of the stakeholders in the project. Stakeholders are now able to direct their queries and concerns to a single PCU rather than having to interact with several decision makers. A Project Steering Committee (PSC) was established and is meeting regularly. The development of mutually agreed framework on modalities for reporting on results, wherein such a framework would specify the means, identify roles and responsibilities, and reporting schedule, is evidence of increased mutual accountability in the project .

This 'effect' of having mutual accountability is echoed in the reverse in the CMTP project, where less frequent interaction between partners subsequent to the completion of the (PIP) and a lack of regular programme management meetings reversed earlier gains in building synergies.

***Impact of aid***

Aid was perceived by PALAMA as contributing to the achievement of the identified sector priorities.

- The GMP has so far developed a credit-bearing programme and trained 1400 Public Service Officials in mainstreaming gender in their work places. A gender mainstreaming virtual discussion forum (VSDF) was also established to provide post course support to GMP participants and to promote dialogues around issues of gender mainstreaming" (Minty 2010).

Preliminary evaluation results indicate that the GMP meets the needs of participants and that project objectives at various levels are being met. Through experiences in the GMP it is apparent that amongst other things, aid effectiveness depends on the donor's flexibility to respond to the recipient country's needs, as indicated by the accommodation of the GMP in the changing political environment in South Africa.

In the CMTP evaluation documentation it was reported that analytical skills and policy development skills within the Government of South Africa remained fragile and that without further, specific action to build capacity the potential of the project to make a major sustainable impact on improving social policy decision-making will be limited. The different programme components in different departments illustrate a range of ways in which donor funding support positive policy outcomes. It was further noted that in a multi-faceted programme management and coordination are critical and suffer from protracted handover processes inside DFID as well as from intense pressure on government senior managers.

***Aid effectiveness and aid modalities (use of PIUs)***

In terms of the lessons that can be offered about the use of different modalities in the SA context, there was general consensus that Programme Management Units (PMU) should be integrated, with a core in the Department receiving funding. External PMUs and Departments find it difficult to implement if not integrated. The accountability for the spending of funding should be placed with the implementing agency.

- Effectiveness has been severely hampered by the period from June 2006 to June 2008 when the programme was without an active implementing unit. (FMIP II, 2008)

It was noted that good and knowledgeable Project Management can make any modality work. The modalities of the EU implemented under the classical approach was cited as the most difficult to implement (with an external PMU) – but once the PMU was integrated into PALAMA there was better commitment and better support (ownership) to implement the Project (EU Project at SAMDI:2000-2002).

***ODA value add***

Despite the challenges faced in the implementing the programmes in this sector, notable achievements characterised all of the programmes under discussion. In the programmes reviewed, aid value-add is primarily evident in Capacity Development, and piloting.

- All the training programmes developed aimed at improved service delivery at all the spheres of government and evaluation reports indicated that the training provided were well received … 1400 Public Service Officials have been trained in gender mainstreaming and are currently being followed up through the VSDF to provide support to implement in their departments.
- The increase in capacity of staff at the National Treasury and at the provincial and municipal levels, and the diffusion and transfer of this increased capacity throughout the ranks will have longer term effects. (FMIP II, 2008)

With regard to the FMIP II, the evaluators have stated that the international technical expertise that the project has offered is of greater value than the financial assistance (e.g. in performance auditing and government statistical classification). Further, resources for research and development (e.g. for developing performance audits) from the government are scarce and the project has provided the opportunity to enhance research activities.

The IPSP intervention offers clear evidence of the capacity development component of ODA value add. In Mpumalanga, KZN and the Free State learning and knowledge management were mainstreamed in the provincial activities. In the EC and Limpopo, learning champions were identified in departments and were empowered to cascade the learning network activities down to departments and sectors. The national Department of Public Service and Administration established a Learning and Knowledge Management Unit which developed a learning network framework. Other value-add is observable in the piloting of innovation: as a consequence of the IPSP intervention, in Limpopo the Mobile Service Delivery Project won the UN award for Public Service Innovation. In the EC a framework for Community Service on Wheels was developed, and the Provincial Government is funding its implementation from it own sources.

- IPSP has also changed how people think about doing things, and effected changes in attitudes like how people measure their performance, view financial implications of their actions or lack thereof in their departments, and in ensuring that service providers deliver what is expected of them.
- CMTP is observed to have been innovative in its approach to achieving accountable and ethical local governance piloted in three districts and … Piloting customer satisfaction survey tools in two municipalities. (CMTP)

## Cluster 4: Social Sector

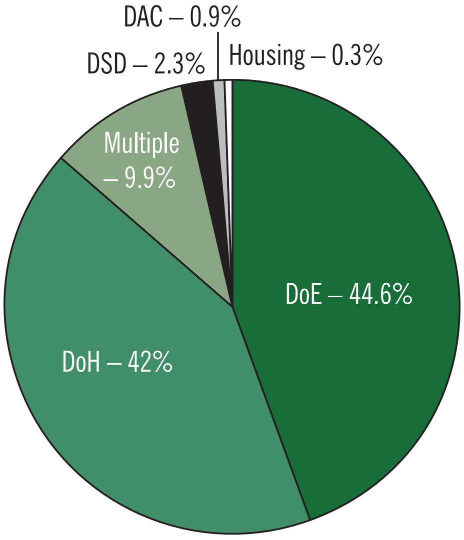
For the purposes of the review the social sector comprised the following departments and their provincial counterparts: education, health, arts and culture, housing and social development.

The key objective for the sector during the period under review was to preserve and develop human resources for growth and development through (MTBPS 2000 to 2007):

- Extending and improving the quality of health and education programmes and other social services
- Revitalising health services
- Strengthening programmes that address the impact of HIV/Aids
- Extending social assistance and progressively broadening the income security net
- Investment in community services and human development

The emphasis on health and education services in statements around key objectives for government is reflected in the distribution of ODA in the sector. Figure 7 below provides a picture of commitments to the sector that were earmarked for specific departments in the DCIS database, totalling R7.2 billion. A further R640 million was committed to the sector, but through the National Treasury or the DPLG for use in various sector departments at national, provincial and local level.

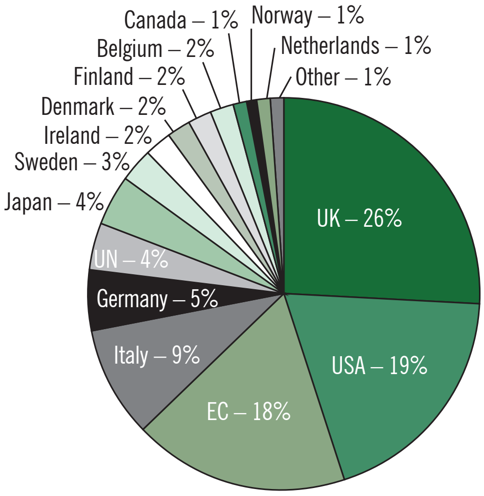
*Figure 7: Distribution by sub-sector of ODA to the Social Sector, 2000 to 2008*




*Source: DCIS*

Most of the donors are active in the social sector. Figure 8 provides a picture of funds committed and recorded in the DCIS+ database to the sector by donor (including funds channelled through NGOs). The three largest donors are the United Kingdom, the United States and the European Commission.

*Figure 8: Commitments to the Social sector by donor, 2000 to 2008*




*Source: DCIS*

### *ODA effectiveness in the social sector*

The social sector absorbed a large proportion of resources during the period under review, through the use of many different modalities and for many different purposes. It is not possible to provide a definitive assessment of how aid was more or less effectively used in this sector compared to the other sector clusters: ODA effectiveness was determined not so much by which sector but by a collection of factors, including the modality chosen, the quality of the programming, donor practices and recipient capacity and practices in implementation.

The following case studies however provide a flavour of the outcomes of aid management approaches in programmes that were undertaken by departments in the sector.

The case studies chosen are the Canadian Rapid Response Fund for HIV/Aids, which provides insights on the use of NGOs as delivery agents, the Swedish Urban Development Programme, which worked predominantly at municipal level, the Netherlands Sectoral Budget Support to the national Department of Education (and the EC Schools Infrastructure Support Programme) as well as the EC support programme for Social Housing.

Key facts of the programmes are:

| Programme | Description |
|---|---|
| Rapid Response Fund for HIV/Aids | The purpose of the RRF is to strengthen the aid effectiveness and contribute to strengthening the capacity of South African NGOs and CBOs to implement gender-responsive HIV and Aids prevention, care, treatment and support initiatives. The RRF was established in 2004 by the Canadian High Commission and was a five year USD$5million CIDA funded project. The RRF provides low-cost high-risk grants for one to two year projects. |
| Support Programme for Social Housing | Established in 2000 through the provision of a grant of Euro 20.7 million. The programme sought to expand capacity in the social housing sector to manage a mass rental housing delivery programme. The Department of Housing nominated the Social Housing Foundation and the HIDF as implementing agents. The programme comprised a grant programme to support the establishment of new and emerging social housing institutions, a technical assistance programme to respond to the capacity needs of social housing institutions and a bridging finance programme. |
| Netherlands Sectoral Budget Support Programme | A programmatic approach to providing ODA to education based on agreements to use the R88.2 million available funds to support (i) curriculum development and assessment (ii) teacher education and development and (iii) teaching and learning in Further Education and Training (FET). A total of 18 projects aligning with these areas were supported. The evaluation team categorised the projects as (i) the distribution and printing of materials, (ii) events, (iii) research, innovation and development and (iv) capacity development. The programme ran from 2000 to 2005. |
| The Urban Development Programme | The Sida funded Urban Development Programme ran for ten years in three South African Municipalities. It was aimed at building capacity in some municipalities contributing to integrated and sustainable urban development with a focus on poverty alleviation and improved living conditions for disadvantaged communities. The programme ran in the Nelson Mandela Bay, Sol Plaatje and Buffalo City Municipalities. The programme spent R392 million over the ten year period on integrated municipal development, township upgrading and community development, housing, transport and traffic safety, environment, waste management water and sanitation, HIV/Aids and the establishment of Swedish/South African municipal partnerships. |

***Alignment and ownership***

The Urban Development Programme was characterised by strong ownership as the cooperation activities were managed directly by the municipalities involved and existing units within the municipalities were the implementing agents. Funding for the programme was reflected on budget of the municipalities and supplemented in some cases by own funds. The municipalities also contributed staff, office space and other resources. Alignment was ensured by in principle alignment to the South African Urban Development Framework, but specific areas of support were also conceived in meetings between municipal departments, councillors, communities and the consultants involved. Feedback from project reports was used to plan forward. Budget plans were developed jointly with municipal counterparts, approved by Sida and then integrated into municipal budgets. One of the key lessons noted is that joint budgeting supports sustainability.

In the case of the Rapid Response Fund for HIV/Aids ownership by South African institutions were non-existent as the fund was managed by the Canadians. Alignment was with the SA Aids strategy, but also strongly with Canadian priorities regarding gender and youth.

As a budget support programme, the Netherlands Sector Budget Support to Education was fully aligned. The exact use of the funds were not pre-programmed, but determined as required by the DoE for projects and programmes already in the strategic plan of the DoE. The evaluation found that the ownership of the programme by the DoE contributed to aid effectiveness: synergy between the programme projects and DoE activities helped to ensure that officials had a sense of ownership and commitment. It is useful to look at the SISP in contrast, where although it was a sectoral support programme, the programme was managed by a PIU which was independent of the department, undermining ownership (unwillingness to adjust pre-programmed activities to respond to changing needs). The PIU staffing in practice also undermined alignment with staff turnover not allowing sustained relationships to develop with departmental counterparts. In principle the alignment was therefore good, but in practice it faltered. The application of EC procurement rules slowed down programme implementation.

The mid-term review of the EC Support Programme for Social Housing found the programme to be relevant: it provided support to a sector on the cusp of delivery – in context of significant policy activity at the time of its conceptualisation. However, subsequently pressure for the sector in context of slow delivery and progress and faltering commitment to the notion of social housing and a rental model affected the continued alignment of the programme at micro-level. However, at the time of the review there was still policy support for social housing and therefore support still relevant at time of mid-term review.

***Harmonisation***

There is little evidence in the evaluation documentation reviewed of any of the programmes making a deliberate effort at harmonising activities with other donors in the sub-sectors, with the exception of the EC SISP which harmonised with DFID's Khanyisa programme running in Limpopo. Given the high presence of donors in the HIV/Aids sector and the degree of support for NGOs in this sector, it is notable that the RRF for HIV/Aids evaluation was not required to look at these issues – however, it should also be noted that the programme was put in place prior to the big international push for aid effectiveness and the Paris Declaration.

***Results-based management and mutual accountability***

The RRF for HIV/Aids is a good example of how and under-elaborated framework for M&E at the time of programming and development of agreements with individual beneficiaries of the fund undermined the use of M&E approaches to strengthen aid effectiveness. All projects signed binding contracts, which spell out the responsibilities of the CIDA and the partner organisation. Partners were supposed to be fully compliant with the following terms: quarterly reports, mid-term narrative progress reports and end of project reports and a visit by CIDA. The reports however were focused at the input/output level and not on the achievement of results. Also, at a central level an M&E framework was not elaborated.

The Swedish Urban Development Programme was more deliberate about using the information from result-based reviews and evaluations throughout the programme to feed back into the planning and budgeting loop. Component projects planned using a logical framework approach, which resulted in monitoring instruments being in place from the start. Monitoring activities included yearly reviews and follow-up missions by the Swedish evaluation team as well as quarterly, bi-annual and annual meetings. Annual meetings analysed results (based on reports) relative to objectives.

In the Netherlands Education budget support programme business plans were developed with clear objectives and specific outputs, but monitoring and reporting systems were not well developed. Project plans referred to weekly, monthly and quarterly monitoring, but did not develop frameworks that were results-oriented. Where objectives were clear, evaluators thought such statements might have been adequate, but as the objectives were at a high level, the development of frameworks was difficult for programme managers to undertake.

Evaluators thought more explicit efforts should have been made to build M&E systems. Some projects – e.g. the teacher upgrading project – was in the process of hiring external agencies to monitor programme effectiveness at the time of the mid-term evaluation. In a significant number of projects there was also a failure to build the measurement of impact into M&E plans. This was particularly true for the projects in the innovation and research category, where projects particularly needed evaluations built in. In order to fill these gaps the Development Support Directorate developed quarterly reporting formats, but it was not always followed by project managers.

In the EC Support programme for Social Housing, the implementing agent (the Social Housing Foundation/HIDF) was meant to set up a programme management unit to manage the programme, including M&E. However, this was not done and the potential value for ongoing evaluation to improve programme design was not realised. In view of changing circumstances in the sector, the evaluation found that the Financing Agreement was flexible enough to allow for adjustments to be made to programme design, but in practice these adjustments were not made – the programme continued to be implemented along the financing proposal lines, which were flawed. In other words: M&E feedback not effective.

***Was the aid delivered effectively?***

This section looks at whether the ODA could be called effective, against the DCR III focus areas of piloting, risk taking, innovation, sustainability and achievement of targeted results.

The evaluators saw the RRF for HIV/Aids as needed and valuable: it plugged a funding gap in critical area to support HIV/Aids services to vulnerable communities. It is described as an innovative project successful in building the capacity of partners through annual workshops. Themes addressed included gender issues and result-based management, peer learning from other projects, and a broader workshop that shared information on a variety of issues, including aid effectiveness. The fund also funded individual projects which represented piloting and capacity building in the sector. However, the evaluators were also critical in saying that the conceptualisation of the RRF did not take into account the realities of South African impoverished communities' dynamics and the time needed for stakeholders' buy in and building capacity. The RRF also did not have mechanisms to ensure equity in support across geographical areas.

The project design therefore was not realistic on what can be achieved over two to three years, so the evaluators could only gather information on the outputs targeted, but not say much about the impact of the Fund on the outcomes (e.g. increased capacity). The evaluators found that the programme had key value for CIDA in raising its profile.

The Swedish Urban Development Programme contributed to interventions in comprehensive urban planning, urban renewal, housing, environment, infrastructure and transport and successfully implemented physical projects. Time frames were set from five to ten years, taking into account institutional complexity.

Knowledge and capacity were developed through close cooperation between international and local experts. Swedish consultants and advisors were found to have facilitated implementation of projects in the three municipalities. Most Swedish consultants had local counterparts with whom they worked closely. Partnership visits both ways also enabled an understanding of what is possible in practice, rather than what is possible in theory.

The evaluation found that regarding capacity building the transfer of skills from international to local professionals require (i) political and strategic leadership to drive and guide change management etc. (ii) sufficient expertise to implement legislation and policies at municipal level (iii) that high level management and technical posts are staffed (iv) sufficient technical ability to develop systems, internal processes and new functions (v) reasonably low staff turnover (vi) structure and system that enable programme and project activities and (vii) a reasonable degree of internal confidence and will to improve.

Initially the Urban Programme had a specific component for institutional capacity building, but this was not overly successful due to inadequate design, high staff turnover, administration confusion during the municipal transition (unstable institutions) and personnel shortages. For capacity building to succeed at institutional level, these were programme lessons (i) it should be clearly defined and be supported by technical and financial resources (ii) the design should include explicit frameworks and programmes for capacity building (iii) it should be implemented parallel to restructuring processes and related to a revision of systems and procedures (iv) somebody should oversee capacity building activities, monitor the results of capacity building activities and mentor and coach counterpart relationships (this should have been built into Urban Advisors job descriptions.

The evaluators found that the Urban programme would have benefited if it had focused more on institutional rather than individual capacity building. The programme also found that long-term advisors are more effective. First there should be solid links between the donor and the implementing municipality: municipal officials reported that long-term advisors and consultants result in projects that are more rooted in municipal development work, better coordinated, reach out more to stakeholders and are more likely to be sustained. The full time, resident Urban Advisors were key success factors in the programme. They became familiar with local processes and complexity and were also familiar with SIDA processes. They acted as advisors, innovators, initiators and facilitators.

The programme still has a sustained impact: the twinning partnerships are continuing. A strong point was made about joint budgeting supporting sustainability. All expenditure (with the exception of international TA) was handled directly through the muni budgets. This made it possible for projects to 'seamlessly continue' within the municipal budget after termination of support. The programme also found that community participation ensured sustainability.

One of the valuable lessons from the programme is that it is beneficial to work directly with municipalities: this ensures a good understanding of local conditions, enables establishment of local demonstration projects, provides more flexibility in project implementation on the ground, is responsive to needs and allows the adjustment of activities and processes to meet changing needs while capacity development and training can be tailored closely to local needs. Programme approach also combined planning and implementation, using a cyclical model with feedback into forward planning. At the start the programme launched practical, technically straightforward hands-on projects. These projects provided immediate benefits, demonstrated Sida's commitment, boosted the prospects of having a sustainable programme, and brought about familiarity with local complexity.

With regard to the Support Programme for Social Housing, the programme design underestimated the capacity building that would need to occur amongst social housing institutions to reach the target delivery level. The Financing agreement also over-detailed how the grants can be allocated – the approach did not fit with the diversity of institutions in the sector.

Financing agreement also put focus of TA programmes on twinning with European institutions, but this was not under control of the PIU – making it less effective. Finally, the assumptions that the R19 million bridging finance would be sufficient was unrealistic and also left it at bridging financing without considering how transition to long-term finance would be made. It was not clear to the evaluators why bridging finance was targeted for tenant based social housing institutions only, or why bridging finance was targeted and not other forms of financing required.

Given the issues with the programme design, the result was that the target activities were not implemented: capacity building, funding or M&E activities all lagged significantly. At the time of the mid-term review only 3 of the 6 KPA areas had received any attention by the implementing agent, and then only partial attention. There was little evidence in terms of concrete plans of delivery in the immediate term after the mid-term review. A further overall finding was that even where activities took place, they were ineffective against targeted outcomes. The review also noted that where activities were undertaken, their impact might be negative: wasted energy, directing SHI's incorrectly and a growing sense of mistrust and scepticism in industry. This was all contrary to the original intent to build a sustainable sector.

The programme design included capacity building of key institutions, but in implementation this did not take place. The National Treasury TAU also did a review of the SHF with proposals to build its capacity, but this was not fully accepted or implemented by the SHF. The SHF as the implementing agent convened the steering committee and reported to it: its accountability was therefore weak. No capacity assessment was done in line with programme agreement, no TORs developed, no short-term consultants contracted and the long-term twinning arrangements with European institutions also were not yet off the ground at time of evaluation. The TAU review also identified significant coordination issues between the NHF, NDoH and the NHFC.

Overall the programme made a design error in the assumption that 20.7 million Euro can be absorbed over five years through institutions that are new and don't have capacity (SHIDF just formed from merged SHF and HIDF) and within an underdeveloped policy environment and with very few institutions on the ground. The first steering committee meeting took place only a full year after the programme had been established.

The evaluators also noted concerns about the lack of sustainability of the SHIs that were established and that no viable financing models were yet established by SHF.

A key factor in the programme failure was institutional issues: the programme design had the Department of Housing as the recipient, SHIDF as the implementing agent and the chairing of the steering committee by the implementing agent. There was a PIU in the SHIDF, but it did not operate as a programme PIU. The SHIDF also split into two parts during the implementation: the programme went to the new SHF, which had no capacity or expertise to manage a financing programme. The PSC was found to be ineffective, its authority unclear over the three institutions and did not meet regularly. The lack of an effective PMU in the SHF was found to be an issue – SHF staff was overburdened with the programme and their normal activities.

In contrast the Netherlands Education Sector Budget Support Programme – implemented with a different modality and further down the road of ODA in South Africa – returned more positive results. The Programme supported provinces in important areas of policy development and implementation. At the time of the evaluation all projects appeared to have made substantial progress in achieving their result areas. However, it was still not possible for evaluators to determine that projects had achieved their intended results at the implementation or recipient levels. Specific findings against project categories (see above) were:

- Events: events held and effectively managed, but uncertain what impact they have had. Further evaluation required.
- Research and innovation category projects mostly achieved their objectives, but the evaluators noted that in the case of complex innovations sufficient lead time should be provided for implementation (in view of slow accomplishment of some objectives). Lack of expertise of service providers, slow responses from provinces and lack of capacity in DoE slowed some projects down.

- In the capacity building category, outputs were achieved but evaluators found that it would take much longer time period for significant changes in practice to occur in provincial offices.

Overall the flexibility of the funding modality assisted DoE to implement activities that were already 'on the shelf' but lacked sufficient funding'. Without Dutch funding, officials would have scaled down their activities – taken longer to achieve goals. The first and second category of projects (distribution and printing of materials and events, such as conferences and workshops) were seen to add value to existing work. In category three (research, innovation and development) the value was seen to be about providing seed money for much larger initiatives (e.g. for the Thutong Portal, and demonstration of learnerships in the FET sector). These activities would not have taken place without the funding. In the last category (capacity development) activities were directly about building capacity, e.g. turnaround strategy in Eastern Cape and upgrading of under and unqualified teachers.

A by-product of the programme may also be the additional value from adapting tracking systems developed for the programme for general use in the provincial DoEs (for delivery of materials to institutions). In the Eastern Cape specifically it is easy to identify impact: introduction of formalised systems for record keeping in the department, introduction of performance management systems and so forth. Also, the programme enabled DoE national staff and provincial staff to work together, increasing understanding and enabling support to other provincial departments, based on the Eastern Cape experience. Finally, the programme enabled capacity to be built within DoE, e.g. attendance of programme managers of UNISA's project management course. However, this could have been expanded as capacity building is a great need to implement all programmes successfully. In addition, the evaluators found that the courses should also have included elements of M&E, tendering process (the development of TORs particularly) and the management of consultants.

The evaluators judged that the programme achieved the balance between playing a meaningful part in fulfilling DoE mission and strategic plans, without it becoming dependent on extra budgetary resources. It supported once-off events, important setting up activities (such as the availability of curriculum statements), it solved bottlenecks and initiated projects of a long-term nature (initiated implementation of a key function, e.g. the learnership in FET's project). Efforts were made to ensure sustainability, e.g. one of the materials projects which provided provincial departments with electronic copies of the documents for reprinting. But, some projects, e.g. the teaching awards, were in jeopardy of being discontinued should funding stop.

The programme represents significant lessons with regard to modality: the format provided DoE with flexibility to allocate funding to areas of need which might not otherwise receive donor support, might not be prioritised in the budget and which might arise on short notice. The programme is not full budget support: it earmarked funds for designated areas of support and then allocation to specific projects within areas of support. This allows tracking of direct benefits, but not flexibility and ownership. The Royal Netherlands Embassy participated in the Project Steering Committee, and provided advice to project managers, but did not lead on the programme. Evaluators also found that key success factor was that the overall programme was run by a deputy director general – the Development Support directorate would not have been able to exercise the level of authority required to coordinate activities. Another key success factor is the use of standard business plans, approved by immediate line managers, and top management. This provided an accountability standard against which the project would report quarterly internally and externally.

***Cluster 5: The International Relations, Peace and Security Cluster***

The International Relations, Peace and Security Cluster (IRPS) directs the coordination of South Africa's efforts in the promotion of political and economic stability in Africa. The priorities of the IRPS Cluster are:

- to consolidate the African Agenda through the strengthening of the African Union and its structures (including support of the implementation of the New Partnership of Africa's Development (NEPAD), and Post Conflict Reconstruction and Development (PCRD) in Africa
- to strengthen south-south cooperation
- to strengthen north-south cooperation
- to participate in a global system of governance
- to strengthen political and economic relations.

An Intergovernmental Joint Task Team (JTT) was established, with its focal point at the DFA's Directorate: National Office for the Coordination of Peace Missions (NOCPM), which is mandated to support South Africa's role in the management of peace, security and post-conflict reconstruction in Africa. The Task team consisted of the Department of Defence, South African Police Service (SAPS), Department of Correctional Services (DCS), SASS and NICOC, and they met monthly to discuss issues of deployment, management of peace missions and the early warning system for conflict prevention. Cabinet takes final decisions with respect to the deployment of peace missions. Feedback to Parliament was provided through portfolio committee meetings and as requested by relevant committees (http://www.pmg.org.za/node/14839).[3]

***ODA and donor analysis***

Over the period under review, South Africa became more involved in development in African countries. Perceived factors contributing to the role South Africa is playing and can play in the future include:

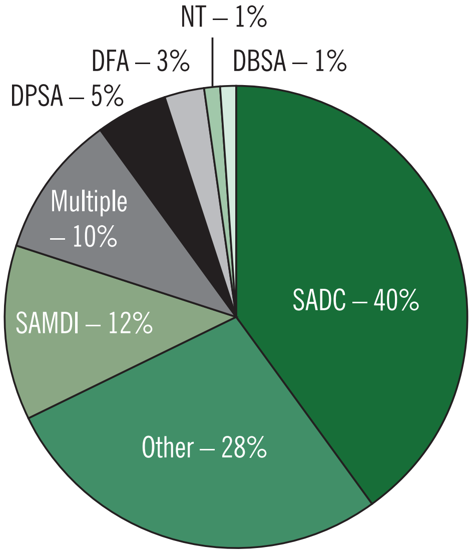
- Africa holds the key to her own development and South Africa as an African country is perceived to understand the region's needs.
- South Africa provides an African platform for engagement.
- African countries prefer to search for their own approaches and solutions and would thus benefit from a country such as South Africa, which shares or has recently shared many of the same features of the country to which they would be providing assistance.
- South Africa articulates an approach-based on partnership and solidarity.
- South Africa shares the African Renaissance vision which is the Africa development approach.
- South Africa has shown the ability to mobilise both human and, to lesser extent, financial resources in response to specific African needs.
- South Africa has economic strength on the continent and has formulated lessons learnt during the successful transformation towards a democracy.

Over the past three years, NT followed a consultative approach in the development of a Framework for cooperation in Africa between South Africa and development partners; however, the draft policy framework (*ODA Policy Framework and Guidelines 2007*) has not yet been approved at Cabinet level. Principles of the Paris Declaration, Accra Agenda and developments on the continent such as the Windhoek Declaration, together with inputs from recipient countries and development partners active on the continent, were considered in shaping this framework. According to the framework, the focus should be the common priorities of the recipient country, South Africa and the development partner. Areas of intervention will be determined and defined in specific MoUs and/or agreements and should be based on the context of the relationship between the cooperating parties.

It is recognised that development partners in South Africa are interested in and prepared to explore possibilities for cooperation with the South African government in interventions aimed at supporting the development of countries in Africa. To date there have been some ad-hoc trilateral engagements with certain EC member states such as Belgium, France, Germany, the United Kingdom through DIFD, Netherlands, Sweden and Spain. However, the main problem is that there was no policy framework in place to regulate the relationship between the development partners and the government of South Africa.

GoSA is still in the process of clarifying its role as a development partner, with the result that the projects undertaken during the period of review were ad hoc and delivered in terms of their own specific arrangements. It was also difficult to identify projects and obtain evaluation materials with regard to operations in this cluster.
On the DCIS database a total of R430 million was committed during the period under review to the cluster. This however excludes projects through SAPS and the Department of Defence, which are either not listed on the DCIS or which do not have amounts attached. The DCIS database also includes donor funding to the SADC, which is included in this amount. For purposes of analysis the team used an 'other' category which includes funds used regionally through NGOs and other institutions (i.e. not a government department as partner). The distribution of funds committed to projects on the DCIS (for which enough information is known for analysis) is as follows:

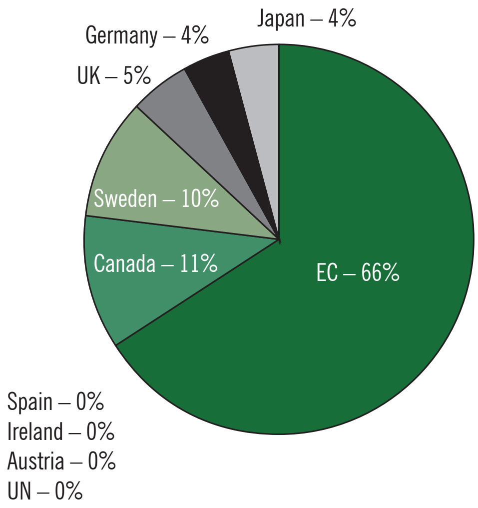
***Figure 9: ODA to International Relations 2000 to 2008 by partner institution***




*Source: DCIS*

[3] In 2009, the name of the DFA changed, in compliance with resolutions taken in 2007 at the ANC's Polokwane National Conference, to the Department of International Relations and Cooperation (DICO) to reflect the development partnership proposal. This however falls outside of the period under review.

*Figure 10: ODA to International relations by donor 2000 to 2008*




*Source: DCIS*

From a South African government point of view there are however different channels of supporting countries in the region, of which trilateral monies received from donors are only one. In an interview with the new DICO (Interview with Mr Harvey Short) the following channels were identified:

- **Interdepartmental budgets.** There are 32 government departments which have an involvement across the border funded through the national budget. The Department of Defence is one of the biggest spenders in this regard, with health, education and public service following.
- **South Africa customs union.** Payments made to the South Africa customs union are the biggest ODA contributor in South Africa; these amounts are available in the State Treasury documentation, and are well recorded. 'Money is supposed to be used for developmental purposes but is being used for budget support by Lesotho and Botswana. These figures are available, but what happens to the money is what we don't know' (Short, 2010).
- **RDP fund.** This is administered by the IDC and used mostly for economic development, both domestically and in the rest of Africa.
- **African Renaissance Fund.** This is the smallest channel. 'ARF did about 15 transactions last year to the value of about R600 million. This is South African money, from the taxpayers' (Short, 2010).
- **DTI Fund.** This assists business people in strategic industries on the continent. This information is in the public domain.

Going forward, within South Africa, it is expected that the Department of International Relations and Cooperation (DIRCO) will assume responsibility for implementing policy and will be responsible for coordination of South Africa's inputs. Roles and responsibilities between DIRCO and National Treasury (IDC) still need to be clarified. Although South Africa can provide specific technical skills and share experiences, it has limited skills, knowledge and experience in providing development assistance. Many of the project managers in the line ministries who are involved in regional interventions are not up to date with the discussions and guidelines related to development assistance, and they focus mainly on technical line-function activities. Although intentions might be good, processes and procedures followed may cause confusion within the GoSA, recipient countries as well as amongst development partners. Regional development arrangements should always be seen in the broader context of mechanisms and initiatives such as the African Union (AU), SADC, NEPAD and other regional bodies in North, East and West Africa. Particularly in the SADC region, the situation is complicated by ongoing negotiations and capacity constraints.

Consequently, and bearing the above factors in mind, many people in GoSA and among ODA donors are sceptical that effective development assistance can be carried out in the SADC region until a high-quality assessment of needs is undertaken.

### *Opportunities*

Trilateral cooperation offers a number of opportunities, which include the following:

- leveraging the interventions of Regional Development Financial Institutions such as DBSA
- replicating successful models on development cooperation in another African country based on lessons learnt in South Africa
- building up GoSA's capacity as a donor through effective partnerships with the EC member states
- establishment of policy dialogue on regional economic development
- aid for trade (e.g. North South corridor, EU/AU Infrastructure Trust Fund).

These issues are critical for looking at development cooperation in South Africa going forward.

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