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TRENDS IN GLOBAL AND SOUTH AFRICAN OFFICIAL DEVELOPMENT ASSISTANCE FLOWS

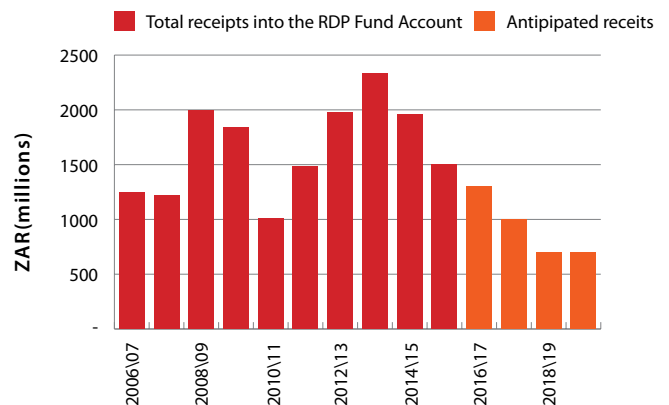


South Africa's three largest Development Partners (USAID, the European Union and Germany) all face some degree of political and economic uncertainty.

The Official Development Assistance (ODA) landscape in South Africa remains much the same as in 2015. Global economic uncertainty, development partner budget constraints, and increasing pressure to channel funds to least developed countries all continue to place pressure on the level of support given to South Africa.

That said, grants in particular are governed by multi-year contracts, and a reduction in support is therefore likely to be steady, as relevant contracts expire over time. In addition, some contractual relationships stand to be renewed, albeit at a lower level.

Figure 1 below shows the amount of funding flowing through the RDP Fund Account, with projections to 2019/20. The effects of the 2008/09 financial crisis are apparent, with receipts dropping from R2 billion in 2008/09 to R1 billion in 2010/11, before recovering to R2.335 billion in 2013/14. Since then, however, receipts have dropped below R1.5 billion and are expected to fall to R0.7 billion in the next 2 years.



Source: OECD-DAC

Figure 1: Grant Receipts 2006/07 - 2019/20

Furthermore, South Africa's three largest Development Partners (USAID, the European Union and Germany) all face some degree of political and economic uncertainty. All three will be subjected to significant geo-political events in the short term, which may

TRENDS IN GLOBAL AND SOUTH AFRICAN OFFICIAL DEVELOPMENT ASSISTANCE FLOWS

South Africa's development professionals should prepare themselves to be less reliant on traditional ODA forms.

continued:

influence their approach to ODA: USA will inaugurate a new administration in January, BREXIT and escalating humanitarian / refugee crises in Syria will likely cause the EU to focus inward, while Germany is due to hold federal elections in 2017. The uncertainty occasioned by these events means that a pronounced uptick in ODA is unlikely.

OPPORTUNITIES

2015 saw the adoption of two important frameworks for development practitioners: the Addis Ababa Action Agenda and the Sustainable Development Goals. Work is ongoing as to how these frameworks will be operationalised. However, it is already clear that greater reliance will be placed on working in partnership (as opposed to donor-recipient relations), on domestic resource mobilisation (from increasing tax revenue, to combatting illicit financial flows, to partnering with new actors) and on attaining development paths that include greater cognisance of environmental impact.

Moreover, the global landscape is increasingly characterised by new or emerging actors (Non-DAC sovereigns such as BRICS) and Multilateral donors;

philanthropy and foundations; Private sector and NGOs, new approaches and models (Triangular and South-South Cooperation; Blended and Hybrid Finance Mechanisms; Climate and Green funds; Impact Financing; Global Public goods; Public-Private Partnership) and a new, universal global development framework. Each of these developments creates opportunities to re-think the way development work is done but requires a high degree of innovation and flexibility. To borrow a phrase from politics, "it cannot be business as usual."

In short, South Africa's development professionals should prepare themselves to be less reliant on traditional ODA forms. We will need a diverse set of skills (from negotiations to stakeholder management, to project management and financial skills), we will need to break out of our traditional government silos to develop cross-cutting initiatives, and we will, from a government perspective, need to be willing to relinquish control in order to partner with outside actors.



1. PROGRAMMES IN START-UP

PROJECT NAME	AMOUNT
Public Service Training and capacity building	€10 million
Capacity building for employment promotion	€6.3 million
Technical Cooperation Facility	€4 million
Employment Promotion through SMME's support for South Africa (in approval stage)	€52 million

2. ANNOUNCEMENTS

- The country strategy paper for Swiss Economic Cooperation in South Africa for 2017-2020 is in the process of being approved
- The multi-year framework for action of cooperation between France and South Africa was signed on 11 July 2016.
- The Development Cooperation Management Information System is live – please visit our website and database at <http://idc.treasury.gov.za/Pages/default.aspx>

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- This year the IDC bade farewell to Deputy Directors Ms Mkgadi Tena and Mr Simon Ferreira.
- In the development councilors realm we welcome (i) Ambassador Markus Conaro, Head of European Union Delegation to South Africa, (ii) Mr Volker Oel, Head of Cooperation: German Embassy, Pretoria (iii) Ms Julie Shouldice, Head of Cooperation: Kenya and South Africa- Canada

3. SELECT DEVELOPMENT COOPERATION PROJECTS

3.1 Social and Governance Sector

Vision 2030: Select Statements

- Increase average male and female life expectancy at birth to 70 years
- Position National School of Government's role in providing training within a wider professionalisation agenda led by the relevant government departments and ensure that core training is provided by in-house.

PUBLIC SERVICE TRAINING AND CAPACITY BUILDING PROGRAMME

Budget:	€10 million
Duration:	2016-2021
Partners:	European Union



Aim

The Public Service Training and Capacity Building Programme will focus on capacity and institutional strengthening of the National School of Government (NSG). The programme has four key result areas:

- Improving systems development and human resource capacity for NSG to fulfill its training and development mandate.
- Strengthening research and curriculum development for increased responsiveness and relevance of training and development in meeting the needs of the public sector.
- Improving efficacy of the public sector workplace through training and development.
- Strengthening NSG through collaboration and strategic partnerships at domestic, regional and international levels.

The primary beneficiaries of this programme will be the NSG and civil servants at all spheres of government. The

secondary beneficiaries will be citizens who will experience public service delivery within the ambits of efficiency and effectiveness of service delivery improvement.

PROGRESS: This is a new programme.

THE GLOBAL FUND

Budget:	US\$304 million, 58% will go to government departments and the balance to 5 NGO recipients
Duration:	2016-2019
Partners:	Top 10 Contributing Governments USA, France, UK, Germany, Japan, EU, Canada, Italy, Sweden and the Netherlands



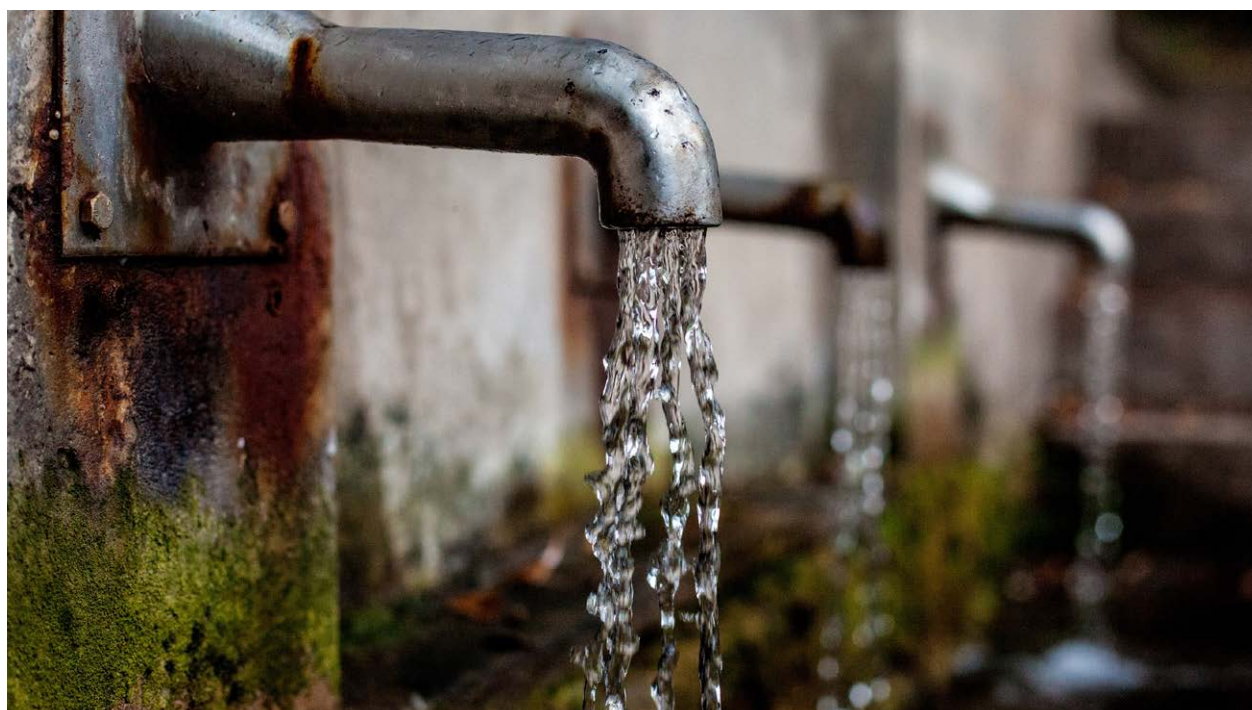
Aim

The Global Fund is aimed at the prevention, treatment and care of people with HIV/Aids, tuberculosis and or malaria in South Africa. The focus will be on prevention, treatment, care and support as well as on health systems strengthening.

PROGRESS: The award amount is a new allocation but represents a continuation of the work undertaken in previous grant rounds.

PUBLIC SERVICE DELIVERY FACILITY - TIRELO BOSHA

Budget:	€ 11 million
Duration:	2013-2019
Partners:	Kingdom of Belgium



Aim

The objective of the Public Service Delivery Facility is to generate innovative pilot projects to improve the delivery of frontline public services in South Africa. Initiatives for funding include: studies, study tours, partnerships, consultancies and training and testing new or improved technologies.

PROGRESS: Since the inception of the programme there have been two calls for proposals. The first call granted funding totalling R24m to 15 government applicants. The proposals for funding were diverse ranging from topics such as research and design of an area-based service delivery model by the City of Cape Town to integrated e-waste processing technology in the Ilembe Municipality. Whilst the second call for proposals process

approved 27 projects totalling R45m. In June 2016 an evaluation of the overall programme was conducted. The evaluation found that all pilots funded under the first call were relevant

3.2 Economic and Infrastructure Sector

Vision 2030: Select Statements

- Public infrastructure at 10 percent of gross domestic product financed through tariffs, public-private partnerships, taxes and loans and focused on transport, energy and water.
- Increase employment from 13 million in 2010 to 24 million in 2030

INFRASTRUCTURE INVESTMENT PROGRAMME FOR SOUTH AFRICA

Budget:	€100 million
Duration:	2013-2022
Partners:	European Union



Aim

The Infrastructure Investment Programme for South Africa (IIPSA) aims to support the implementation of the domestic and regional infrastructure projects by blending grants with concessional loans. IIPSA supports the economic, Information and Communications Technology and social sectors.

Progress

Currently, 13 projects have been approved to access IIPSA funds. These are:

- The Western and Northern Aqueducts Project in eThekweni Municipality
- Johannesburg Alternative Waste Treatment Technology
- Water Demand Management: Reduction in Non-Revenue Water and Water Losses in Ekurhuleni Metropolitan Municipality
- DHET: Student Accommodation
- Polokwane AC Pipe Replacement Project
- Drakenstein Waste to Energy
- Polokwane Regional Wastewater Treatment Works
- RSA-Botswana Transmission Interconnector
- Nelson Mandela Bay Municipality: Solid Waste Diversion PPP Project
- Royal Bafokeng Resources properties: Waterkloof RE-IPP
- National Treasury: Municipal Long Term Financing Plans and Project Identification
- Gauteng Department of Infrastructure Development: Rooftop Solar
- uMhlathuze Waste Water Re-use

LOCAL ECONOMIC DEVELOPMENT IN THE ILEMBE DISTRICT

Budget:	CHF 7,453,000 Swiss contribution, ZAR 10,000,000 South African contribution
Duration:	2015-2020 (72 months)
Partners:	KZN Department of Economic Development, Tourism and Environmental Affairs, iLembe District Municipality, KwaDukuza Local Municipality, Mandeni Local Municipality, National Treasury: IGR, UNIDO and IFC



Aim

This project’s anticipated impact is to contribute to the improvement of the economic future of the iLembe district and the quality of life of its inhabitants, through sustainable growth of the local economy, and the creation of higher, better and more inclusive employment and income generating opportunities. The programme is implemented through five pillars namely Public Financial Management; Municipal Infrastructure; Private Sector Development; Value Chain Development; and Partnership and Cooperation.

Progress

Progress has been slow because a project steering committee has not yet been appointed. Having said that

the following results have been achieved:

- (i) completed a scoping and feasibility study for the Infrastructure Investment Component of the programme.
- (ii) UNIDO has commenced with the recruitment of consultants to undertake sector reviews for the development of action plans during the implementation phase of the programme.
- (iii) A subnational doing business survey was undertaken in 2015, with results presented at a Joint Council Meeting.
- (iv) Recruited two World Bank consultants to develop, in partnership with the municipalities, action plans for two indicators: “getting electricity” and “construction permits”.
- (v) Held one Project Steering meeting.

TECHNICAL COOPERATION AND OFFICIAL DEVELOPMENT ASSISTANCE PROGRAMME II (ODAP II)

Budget:	€6,7 million
Duration:	2015-2020 (72 months)
Partners:	European Union
Phase:	In Close out phase



Aim

The ODAP II programme assisted the National Treasury Chief Directorate: International Development Cooperation (IDC) in its mandate of mobilizing resources for Development Cooperation. The areas of focus were to enhance capacity development, good governance and social development. The outputs of the projects within this Programme resulted in the enhanced efficiency, effectiveness and sustainable management of incoming and outgoing ODA for better management and impact on strategic development priorities of South Africa through conducted studies/surveys and applications of monitoring and evaluation as well as of Knowledge Management.

Progress

By project completion, €6.2 million was spent on (i) capacity building, (ii) studies, (iii) management operations

of the programme, (iv) conferences and workshops, (v) international travel, (vi) visibility material and (vii) equipment.

Impact of the programme for two activities

Knowledge Management Expert

A Knowledge Management expert revised and developed new approaches to fulfil the key areas of implementation of the IDCs knowledge management strategy. Going forward appropriate mechanisms and implementation plans with measurable outputs and outcomes will be developed through these tools and methodologies within IDC. Lessons learnt from the implementation will be used to enhance the process going forward. Best practice gleaned in the process will be harnessed to improve operations.

TECHNICAL COOPERATION AND OFFICIAL DEVELOPMENT ASSISTANCE PROGRAMME II (ODAP II)

continued:



Review of Technical Assistance (TA) Models in South Africa covering the period 2004 – 2014

A Review was conducted to enhance cooperation by providing analysis of the current situation and also defining the baseline of information for trilateral cooperation by focusing on the technical assistance provided in the employment creation, infrastructure, education and justice/legislature sectors.

The programme was broken down into two distinct phases. In Phase 1 TA analysis through desktop and TA mapping was conducted whereas in Phase 2 impact assessments and TA studies through mapping and metrics methods were conducted. As a result of these studies, measurements of South Africa's progress in operationalising and entrenching the principles for effective management of TA were developed and recommendations to improve the effectiveness of TA in South Africa were proposed.

This study also assisted in providing technical support in financial management, programme management and monitoring and evaluation.

Socio-Economic Indicators

GDP

Nominal GDP billions of US\$ 315
GDP per capita billions of US\$ 5727

Population Characteristics

Total Population 55 million
Urban Population per cent of total, 2014, 64
Life Expectancy, total years, 2014, 57

Poverty

Head count ratio at \$ 1.90 a day (2011 PPP) per cent of population 16.6
Undernourishment (2012, per cent of population) 5.0

Inequality

Income Share held by highest 10 per cent of population 51.3
Income share held by lowest 20 per cent of population 2.5
Gini Index 63.4

Source: IMF Article IV Consultation, 2016

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