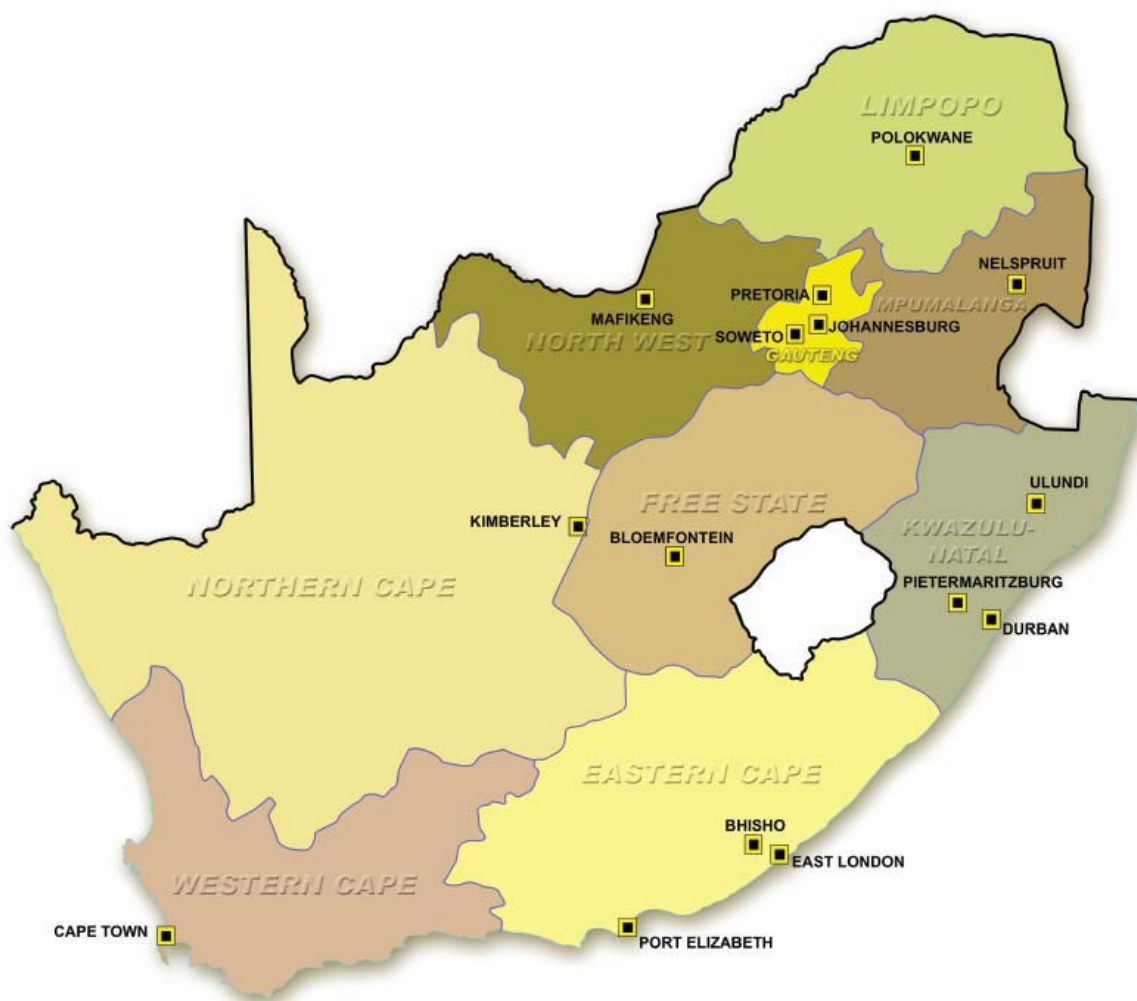


Phase Two Evaluation of the Implementation of the Paris Declaration and Accra Agenda for Action in South Africa.

Final Country Evaluation Report February 2011



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Acronyms

AAA	Accra Agenda for Action
AFD	French Development Agency
ANC	African National Congress
ASGISA	Accelerated and Shared Growth Initiative of South Africa
AU	African Union
CBO	Community Based Organisation
COP	Conference of Parties
CRS	Customer Response Solutions (database of OECD)
DAC	Development Assistance Committee (of OECD)
DBSA	Development Bank of Southern Africa
DCR	Development Cooperation Review
DCIS	Development Cooperation Information System
DEA	Department of Environmental Affairs
DFID	Department for International Development
DHS	District Health System
DIRCO	Department of International Relations and Cooperation
DoE	Department of Energy
DoH	(National) Department of Health
EC	European Commission
EFSP	Empowerment for Food Security Programme
ENE	Estimates of National Expenditure
EU	European Union
FBO	Faith Based Organisation
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution Strategy
GEF	Global Environment Facility
GFATM	Global Fund for HIV/AIDS TB and Malaria
GHG	Green house gases
GTZ	Deutsche Gesellschaft fuer Technische Zusammenarbeit
HQ	Headquarters (of development partner agencies)
IDC	National Treasury – International Development Cooperation Directorate
IMF	International Monetary Fund
KZN	KwaZulu Natal
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MDR-TB	Multi-drug resistant TB
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDoH	National Department of Health
NEPAD	New Partnership for African Development

NGO	Non Government Organization
NPO	Non Profit organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PAC	Provincial AIDS Council
PD	Paris Declaration
PDoH	Provincial Department of Health
PEPFAR	US Presidents Emergency Plan for HIV/AIDS Relief
PFM	Public Finance Management
PFMA	Public Finance Management Act (of South Africa)
PHC	Primary Health Care
PMTCT	Prevention of Mother to Child transmission (of HIV/AIDS)
RDP	Reconstruction and Development Programme
SA	South Africa
SADC	Southern Africa Development Community
SADPA	South African Development Partner Agency
SANAC	South African National AIDS Council
SBS	Sector Budget Support
SIDA	Swedish International Development Agency
SOE	State Owner Enterprises
STI	Sexually Transmitted Illness
SWAp	Sector Wide Approach
TAU	Technical Assistance Unit (of National Treasury)
TB	Tuberculosis
TOR	Terms of Reference
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
US	United States
USA	United States of America
USAID	United States Agency for International Development
WHO	World Health Organisation
XDR-TB	Extra-drug resistant TB

Executive Summary

Introduction

This Second Phase evaluation of the South African experiences with implementing the Paris Declaration and the Accra Agenda for Action aims to emphasise the national approach to aid, and its impacts, effects and implications in a middle income country that has a strategic role in the SADC region and on the African continent. South Africa is also engaging in multiple forums which advocate a change in 'international systems for governance.' The evaluation concentrates firstly on the mandatory health sector, where conditions in public health are aimed at addressing massive, inherited backlogs in services and facilities, and where the prevalence of HIV/AIDS is one of the highest in the world. It is complemented by a provincial case study from KwaZulu Natal. The second sector covers the interrelated and cross-sectoral issues in development partner support for climate change (across the traditional environment, energy and water sectors and the newly emerging climate change sector). As a signatory to the Kyoto Protocol and the United Nations Framework Convention on Climate Change, South Africa has been influential in representing developing countries in international negotiations, but is also the largest emitter of green house gases on the continent, and one of the world's most carbon intensive economies.

Within South Africa, the National Treasury and its International Development Cooperation Directorate take the major decisions on aid and its management. South Africa has long had strong principles and frameworks ensuring country ownership, established well before the advent of the Paris Declaration, and have a well developed and regularly updated Policy Framework and Operational Guidelines for ODA Management, and is implementing an Aid Effectiveness Action Plan.

Findings and conclusions

Background

The country context is marked by a strong history of post independence national development planning and strategy development, where it has preferred to determine and have control over its own growth path and development trajectories. The policy commitment throughout four main eras of national planning has been one of 'continuity of change', building on development successes, taking stock of ongoing challenges and developing strategic responses. In effect the country has moved from the initial post independence redistribution imperative, through a neo-liberal phase and now trends towards an indigenous version of a social democratic developmental state.

Since the 2009 election a new structure for national government has been implemented, centred on four inter-connected areas of policy-development, planning, effective implementation and continuous monitoring and evaluation. The country has established 12 priority outcomes derived from a medium term strategic framework. Policy, budgeting and implementation are managed within the framework of the rolling three year Medium Term Expenditure Framework. Policies, strategies and development plans at the sub-national, decentralised levels give guidance on the countries development priorities.

Given numerous policy challenges, there have unfortunately been some less than optimal delivery performances. Increasingly this is being recognised by leaders in government. Civil perspectives on 'governance' have varied. There have been recent improvements in confidence and the reversal of a trend of declining confidence in public institutions.

Positive socio-economic trends are seen in the achievement of macro-economic stability and fiscal robustness, a real GDP of R1.251 bn (US\$144 bn) in 2009 with real per capita GDP increasing 20% between 1994 and 2009 to R 26,695 (\$3,075). The recession slowed growth to -1.9 % in 2009 but recovery is imminent with GDP per capita growth of 3.6% expected in 2012.

In 2010 the country ranked first of 94 countries in an independent open public budget analyst's annual survey. It has managed to extend its social security net progressively to 14 million of the poor. However, despite good macro economic performance, there has been rising social dissatisfaction and unrest, continued deep poverty and high inequality. The GINI coefficient has

widened to 0.66, one of the highest in the world. Despite its status as a middle income country, many of the socio-economic indicators are close to countries characterized as low income.

In contrast to many other African countries, Official Development Assistance (ODA) or 'aid' has played a special role in South Africa. The evaluation begins with tracing the five phases of the national experience, beginning with an early 'pre-independence' phase from 1980 to 1990. The fifth and current phase, from around 2006-2008, has been marked by four distinct, overlapping trends, in a) the 'regionalisation' of traditional development partner support and some changes in established focal areas towards 'global public goods'; b) in the adoption of more trilateral and 'triangular' cooperation relationships in Africa; c) in the growth in the design and development of strong South-South relationships in development assistance, and d) in the consolidation and expansion of South Africa's own role as a development partner in Africa and elsewhere via the precursor to its recently constituted South African Development Partner Agency (SADPA).

Almost throughout, South Africa has been and remains a paradoxical recipient of aid, as a confident, relatively resource rich country. Proportionally aid constitutes far less than 1% of the budget, but in value terms it is significant. It is not primarily used as an additional source of finance. Its value has been in terms of leveraging own resources more effectively and in its implications for the transfer of knowledge, best practices, leveraging upstream policy change and in embedding innovative approaches. Its value also lies in leveraging strategic partnerships within modes of trilateral and 'triangular' development cooperation for a growing programme of global and African priorities to which the country is committed.

Over thirty traditional development partners, signatories to the PD, work in South Africa while the country now hosts a range of 'non traditional' development partners from the 'east' and 'south', not all of whom are signatories to the Declaration.

Total ODA committed was about \$8 billion over the period 2000-2008 of which about \$6.2 billion (77% of committed) was actually disbursed. Top development partners by gross ODA disbursed are the United States, the European Commission, the United Kingdom, Germany, France, the Global Fund, Netherlands, Ireland, Denmark and the Global Environment Facility. Most ODA (63%) flowed through the public sector, 10% went through NGOs and Civil Society, the balance between the Multilateral Organisations and a Public Private Partnership channel. Annually over US\$ 700 million in aid is officially disbursed by development partners to public, private and non government organisations in the health sector. By 2009, up to US\$ 2 billion was annually available or disbursed into the interrelated climate change sectors in the forms of grants, and predominantly loans. South Africa also has significant own resources of development finance, leveraged and managed through the Development Bank of Southern Africa (ZAR 8.25 bill in 2010) and the Industrial Development Corporation's Agency Development Support Unit (ZAR 30 mill annually), both active regionally.

Interestingly, social giving by South Africans alone, to people in poverty and for development surpasses the annual value of aid for the health sector by a factor of ten.

South Africa is now taking a stronger role in development affairs and forums globally, and has committed to a wide range of compacts, including those in support of South-South relationships. Its geo-political and strategic position globally and in Africa, coupled with its proximity to major global concerns have strong implications for the overall aid environment. Regionalisation of aid agencies is occurring rapidly, with South Africa generally a focal country, and within a range of new trilateral modes of cooperation, where traditional development partner to recipient relationships are being replaced by equal partner roles and responsibilities.

In its growing membership of Asian and African forums for development, South Africa takes a lead in promoting country ownership. In 2010 it hosted, in conjunction with the European Union and the New Partnership for African Development, the Africa Regional Meeting on Aid Effectiveness.

There is strong, ongoing application of country ownership principles, where South Africa continually seeks to maintain its independence from development partners, and where recent restructuring

around sector priorities in order to better 'deliver' aid has occurred. South Africa does not have a formal agreement for the implementation of the PD, but has an Aid Effectiveness Action Plan.

Alignment can create tensions in the 'multilaterals' efforts to commit to global compacts and agreements while also committing to country priorities and strategies which are not necessarily fully aligned. Differences occur concerning priorities and how these should be met and by whom. For some of the 'bilaterals', alignment is only as good as the benefits accruing to 'own interests' in the application of the specific instruments used to achieve this principle, and there are country views that the differences in the expectations of the respective parties regarding the use of conditional loans and concessional grants coupled with grant finance, can lead to tensions. Nevertheless, there is growing progress with alignment against the PD indicators, and increasing use of sector budget support instruments (this is however qualified in the study), with one 'sticking point' being Indicator 5a), the use of country public financial management systems. The recent 2011 adoption of the 'second level' and sectoral Aid Effectiveness Framework for Health further promotes these first two principles, as well as harmonisation.

There have been some impressive achievements in the water sector. In health there is harmonisation mainly as a result of the efforts of the European Commission's EU+ Working Group (including global funds such as PEPFAR and USAID). In the climate change sector, 2008 efforts to harmonise partners initiated a strong donor mapping exercise to assess where 'everybody was at' and what was their relationship to government priorities and actions. This fell away due to staff transfers out of the country, highlighting issues of institutional memory. Further harmonisation is taking place here and is likely to be formalised into an EU working Group during 2011.

Turning to the provincial case study, and to development outcomes, we found a range of sometimes contradictory outcomes. There are instances where both voluntary sector and government initiatives targeting the poorest have been strengthened, but also instances where the delivery of a better and wider range of services to support the achievement of the Millennium Development Goals have been neglected, and where a dependency syndrome may have been created through the inadvertent targeting of a limited part of the HIV/AIDS community. In the climate change sector overall there is evidence of some differences over what constitutes policy coherence, and also confusion over the optimal institutional location and associated arrangements for a more focused and better targeted set of interrelated investments to address both mitigation and adaptation challenges. These are both very substantial and highly significant in light of the country hosting the 2011 UNFCCC Conference of Parties (COP 17).

Overall conclusions

As a middle income country the relevance and effectiveness of the PD principles could be strengthened by the crafting of a multiparty agreement or 'charter' containing platforms and arrangements similar to those in the Windhoek Declaration and Indonesia's Jakarta Commitment. Of the PD principles – effective country ownership, along with good alignment and harmonisation can make the strongest contribution to aid effectiveness and development results, but can be constrained by different and competing interests. There is wide variance evidenced in the sectors regarding the significance and sustainability of aid via the principles, but the overall view of the team is that these investments have been extensive and significant, in relation to the needs and demands of a middle income country like South Africa. Significant potential exists in improving aid effectiveness due to unfilled demand, in growing regional collaboration and in assisting countries to meet their growing suite of international agreements. In health, aid application could be widened to better meet the health MDG's. In climate change the potential lies in supporting appropriate institutional alignment for implementation, attaining policy coherence and cohesion over time, and in implementation. Aid effectiveness is thus a matter of better targeting of structural anomalies, gaps and omissions in cross-sectoral progression.

Key lessons (on common questions)

In the health sector, post 2008, strategic interaction among development partners, foundations, global funds and government has promoted and supported effective new policies and programmes.

New partnerships are emerging, along with the Aid Effectiveness Framework, aligned to a National Service Delivery Agreement. While there are some limits evidenced both nationally and in the KZN case study, the progression is an important achievement across a complex sector. There will continue to be much learning, especially around the role of the voluntary sector, the targeting to HIV/AIDS, and some potential aid dependency. If aid is to be more effective in complex sectors, it must be better organised around the PD principles, and government must strongly commit their support. This is increasingly occurring.

In the cross cutting climate change sector, evidence of the implementation of the PD principles has been less pronounced. Some significant new investments and much innovation have been driven by development partners. Past and recent national policy development and some practice, especially in research, has been supported sectorally on a bilateral basis, and multilaterals are engaged with two major instruments for the funding of climate change activities. However the 'nexus' of country ownership, alignment and harmonisation is not well managed. There is no 'Aid Effectiveness Plan' for the overarching sector. The twin challenges in the sector are the achievement of a national institutional platform for cross-sectoral investments and an effective arrangement which promotes country ownership, alignment and harmonisation, leading to better targeting across key areas of demand cross-sectorally, and therefore improved aid effectiveness and better development outcomes.

Key recommendations (on common questions)

Global, regional and local development challenges for South Africa are compounding and increasing exponentially. Meeting the MDG targets will be more than challenging. Most of these development challenges are cross-sectoral, often 'transboundary' and frequently transnational. Both traditional and non traditional development partners should therefore continue to widen the scope of their activities. Aid still has a major role to play, bringing innovation and learning from other regions, promoting upstream policy change, supporting better service delivery and the search for indigenous solutions to local issues, while promoting national and regional development.

The organisation and implementation of the PD and AAA principles should be strengthened through the adoption of a platform and arrangements similar to those in the Windhoek Declaration and the Jakarta Commitment. The former assigns specific development partners to coordinate support into nine 'Thematic Areas' determined by the SADC Secretariat, which are in line with its regional, transnational development planning and related SADC member country sectoral development. The latter Commitment clearly integrates traditional and non traditional South-South partners into a common platform, which is linked to its regional roles. A recommendation in relation to the Busan Fourth High Level Forum on Aid Effectiveness is that such a revised South African 'charter', (which could align partners into coordinating support into the countries 12 priority outcomes), could be negotiated with its provisions and principles also conforming with those in the emerging African Declaration, supported by the NEPAD Secretariat, which will also inform the Busan Forum.

In light of study findings and these development challenges in the further design of a more appropriate architecture of aid, consideration should be given to a comparative, collaborative assessment of similar middle income countries (Columbia, Vietnam, the Philippines and Indonesia). It should look at the respective responses to the use and management of aid, its effectiveness and development outcomes and also assess the respective organisation and outputs in regional roles and responsibilities, and the coordination of traditional and non traditional development partners.

Global commitments, regional cooperation and South-South cooperation mean that resources and capacity need to be strengthened to enhance South Africa's aid effectiveness agenda, and its role in Africa as a 'new' development partner. Consideration should be given to the enhancement of capacity, knowledge and resources in promoting complementary between IDC and the future South African Development Partner Agency (SADPU) in managing both inbound and outbound development support. While the current government view is that this is not for discussion, consideration could be given in the future to merging the two units and significantly increasing the capacity of the resulting unit.

1. Introduction

1.1 The Paris Declaration and Accra Agenda for Action: Engagement of South Africa

In contrast to many other African countries, Official Development Assistance (ODA) or 'aid' has played a rather special role in South Africa. It has been delivered and received to date in terms of five distinct phases.

The first 'unofficial phase', 1980-1990, saw a small number of development partners providing modest amounts of aid in a limited number of focal areas to local Non Government Organisations (NGOs) and political movements and to South African exiles/movements living abroad. Over the period from 1990 to 1994 aid flows increased, with a larger number of development partners providing funding and technical resources to assist political parties in negotiations and in preparation for the first democratic elections.

After 1994 and to around 1999, and in recognition of South Africa's role as a significant strategic partner, a shift in support towards the government occurred, in recognition that it was to become 'the principal development engine'. This saw the establishment of a centralised framework for mediating and managing aid flows. Support concentrated primarily on the formulation of policy and development frameworks, the creation of new institutional arrangements and structures to deliver the policy frameworks, capacity building and transformation within government and an increased focus on improving the speed and effectiveness of implementation systems.

The fourth phase was the post 1999 shift in emphasis to building capacity in the more decentralised delivery of services, through an increasingly wide range of focal areas.¹ Many experiences of the previous five years had to be adjusted to respond to the challenges associated with aid directed towards implementation support. Various modalities were adopted and tested including the introduction of the first sector wide approach (SWAp) in the water sector. This period saw the consolidation of national policy frameworks, guidelines and principles for the management of ODA, with a strong emphasis on Country Ownership, with some predating the adoption of the Paris Declaration. This phase 'ended' with the return of much stronger support to a new generation of revitalised local NGO's, active in a suite of new 'sub-sectors' as the demands of policy implementation increased substantially.

The fifth and current phase, from around 2006-2008, has been marked by the continuation of traditional bilateral forms of assistance, some into new focal areas, coupled with the emergence of four distinct, but overlapping trends.² These have been in the 'regionalisation' of traditional development partner support and some changes in established focal areas towards 'global public goods'; in the adoption of more trilateral and 'triangular' cooperation relationships in Africa; in the growth in the design and development of strong South-South relationships in development assistance, and in the related consolidation of South Africa's own role as a development partner in Africa and elsewhere via the recently constituted South African Development Partner Agency (SADPA).

Throughout, South Africa has been and remains a paradoxical recipient of aid, in the sense that it is a confident, relatively resource rich middle income country, pivotally located at the strategic heart of a range of international relationships of symbolic and structural importance, and one of the major advocates and contributors towards reform in global 'institutions for global governance'. It has, despite the recession remained fiscally 'robust', with substantial domestic resources available for both public and related development finance, supporting

¹ See the team response to IDC views on this periodisation in Annex Five: Additional Reporting and Supplementary Data

² See the team response to IDC views on the relative insignificance of the actual monetary values in the shifts of ODA towards regionalisation in Annex Five: Additional Reporting and Supplementary Data.

about 14 million people (30% of the population) with a 'safety net' of social grants. However the country remains confronted with deep structural poverty, persistently high levels of inequality and growing social dissatisfaction, particularly with the pace and quality of public service delivery.

Proportionally, ODA has come to constitute far less than 1% of the budget, but in value terms it is significant. It is not primarily used as an *additional* source of finance, which, in most cases is accessible domestically. Its significant value has been in terms of leveraging own resources more effectively and in its implications for the transfer of knowledge, best practices, and in embedding innovative approaches, all of which have strong implications for the implementation of national strategic priorities. Its value also lies in leveraging strategic partnerships within various modes of trilateral and 'triangular' development cooperation for a growing programme of global and African priorities to which the country is committed. Its greatest value is realised when it is able to provide solutions and means that enable the country to use its own resources more effectively.

Unlike the South African Development Community (SADC) framework arising from the Windhoek Declaration in 2006, or the Jakarta Commitment to Aid for Development Effectiveness,³ which closely followed the Paris Declaration principles, South Africa has not developed a formal Agreement, Charter or Protocol on the Paris Declaration⁴. Instead, arising from the Phase One Evaluation recommendations, an Aid Effectiveness Action Plan was established in 2008 and updated and refined in 2010. In addition, ODA policy guidelines, also updated in 2010, emphasised aid effectiveness principles and procedures. The impact of these national investments is beginning to bear fruit. An exceptional development in this regard has been the recent (January 2011) release of a 'second level' and sectorally based 'Aid Effectiveness Framework for Health in South Africa'.⁵

Over thirty traditional development partners, signatories to the PD, work in South Africa while the country now hosts a range of non traditional⁶ development partners from the 'east' and 'south', not all of whom are signatories to the Declaration. It is also committed to a growing range of Trilateral and South-South relationships in development cooperation on the African continent. These 'new' relationships compound the complexities in assessing the 'direction, pace and distance of travel' in implementing the Accra Agenda for Action and the Declaration's five key principles, and are necessarily covered summarily in this evaluation.

1.2 Purpose and scope of the Phase Two Evaluation

The aims of the Phase Two Evaluation of the Paris Declaration and the Accra Agenda for Action (AAA) are the strengthening of the PD and its application in South Africa, assessing any increased impact aid has had in reducing poverty and inequality, in increasing growth, and in building capacity and accelerating the achievement of the Millennium Development Goals (MDG's). This is measurable in terms of progression with the PD's five key Commitments of Ownership, Alignment, Harmonization, Management for Development Results and Mutual Accountability. Specific commitments and targets for 2010 were established for each principle. The Phase Two Country Evaluations will be synthesised, contributing to an international process leading up to the 4th High Level Forum on Aid Effectiveness to be held in Busan, South Korea in late 2011.

The ToR for the Phase 2 PD evaluation specify two priority sectors, Health and Environment

³ See: Jakarta Commitment –Aid for Development Effectiveness-Indonesia Road Map to 2014. Also www.a4des.org. See www.sadc.int/icp/index/browse/page/380

⁴ The substantive differences between the South African approach and that of the Windhoek Declaration and the Jakarta Commitment are covered in Annex Five. Section One.1.1. These have a bearing on the findings, conclusions and recommendations of this evaluation.

⁵ The Aid Effectiveness Framework for Health in South Africa: Working together to implement the Negotiated Service Delivery Agreement and to attain the Millennium Development Goals. Department of Health. Government of the Republic of South Africa. January 2011.

⁶ Sometimes called 'new' development partners but held to be a misnomer since China has been active in Africa for well over 40 years. There are a number of views on the correct terminology, and for this report the term 'non traditional' is used.

(the same as Phase 1), proceeding from the findings of the Phase 1 Evaluation, a prescribed evaluation process (the Evaluation Design Matrix), and what is expected from the evaluation.

The defining issues and criteria for the evaluation in South Africa were developed in collaboration with key national stakeholders and the Country Reference Group, and it will aim to address, at very least, the 3 Core Evaluation Questions established for the exercise;

1. What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results? (The Paris Declaration in context).
2. To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships? (Process and intermediate outcomes).
3. Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results? How? (Development outcomes).

The evaluation has also been tasked mainly through discussions with the Core Team Evaluators at the Indonesia workshops in December 2010 to also provide a basis, as far as is practical, for assessing the workings, effects and requirements of a middle income African country with respect to changes in the global, continental and national 'architecture of aid'. Significant recent progress in South-South collaboration in the design and delivery of aid, and in the development of trilateral relations in southern and sub-Saharan Africa, where South Africa is taking an increasingly strong role, has occurred.

The evaluation seeks to consider the detailed experiences and perspectives of the National Treasury, the Ministries/Line Departments of Health (DoH), Environmental Affairs (DEA) and Energy (DoE), the Department of International Relations and Cooperation (DIRCO) and Provincial, District and Local Authorities, a range of participating development partners, and participating actors and agencies within civil society organisations. A case study in the Health/HIV/AIDS sector was undertaken in the Kwazulu-Natal province on the eastern seaboard of the country and comprises a substantial contribution to the findings of Question 3, Development Outcomes.

The content of the final Country Evaluation Report is the responsibility of the independent evaluation team. This is essential for the credibility of the entire evaluation and the integrity of the team must be protected and assured. If there are significantly different assessments by the Country Reference Groups or National Evaluation Coordinators of what are justified findings, conclusions or recommendations by the teams, it is not only possible, but a positive sign of a sound evaluation, to record those differences in the final report itself (either in a footnote, in the text or in an annex).

1.3 Approach, methodology and limitations

The approach in this evaluation is guided by the process and outputs established in the 'Phase Two Approach Paper' of May 2009, drawn from the Evaluation Extranet established for the country studies.⁷ It is also guided by the December 20th 2010 communications arising from the International Reference Group Workshop in Indonesia in early December 2010 which emphasised that the evaluation teams should focus on issues/questions where evidence is available and findings can be substantiated. Teams were urged to use the opportunity to draw out and feature (e.g. in boxes) important "stories" illustrating key findings in their reports.

⁷ Approach Paper. Evaluation of the Paris Declaration: Phase 2. 2009.

1.3.1 Methodology and sources

The methodology for the final report comprises the use of a combination of the following instruments and arrangements:

- The results of Phase 1 of the Evaluation, which will be used in the report as an initial reference point.
- The development and application of the Evaluation Matrix built around the 'three core questions' in the form of an interview schedule for use with key stakeholders.
- These stakeholders are in the public sector (ministries, parliamentarians responsible for ODA oversight, senior staff in the Technical Assistance Unit (TAU) and International Development Cooperation Unit (IDC) responsible for assessing managing and coordinating ODA); in the development partner community active in the selected Health and the Environment sectors including Water and more specifically the Climate Change sectors.
- The interview schedule comprises all the key questions of the matrix-but prepared in a simpler format – as recommended by OECD DAC Evaluators- to allow for easier communication and comprehension within an anticipated 1 hour of interviewee time.
- Where respondents cannot make scheduled meetings, an electronic copy was forwarded for population and follow up.
- Individual interviews are undertaken with key stakeholders and group interviews done with the EU member states to promote efficiencies. Annex 6 contains a full list of stakeholders consulted.
- Follow ups are made where data returned is 'thin', contradictory or simply inadequate and where sufficient evidence has not been forthcoming.
- A wider range of public actors have been approached for interviews and material in order to develop a more comprehensive perspective on South Africa's emerging roles in North-South-South relationships in development.
- Key cross cutting ministries such as the Office of the Presidency are being interviewed, since National Instruments key to the organisation and operation of the Paris Declaration are housed there (the national M+E function).
- Extensive use of the global, national and local literature on 'development', the Paris Declaration, aid effectiveness and North- South-South development dialogue and debates.
- Use of Country reports and Cooperation Agreements from the Development Partners.

1.3.2 Uses and limitations

A delayed appointment (beginning November 1, 2010) and therefore attenuated timelines meant that the preparation of this report had to concentrate interviews into a limited time at the end of the year when many partners were travelling, finalising their own year end reporting or preparing for leave. The availability of certain South Africa government officials was extremely limited, with, for example, senior staff from the Departments of Environment and Energy in Washington and in Cancun, Mexico for the COP 16 deliberations. Subsequent stakeholder consultations were undertaken over January and early February 2011, which partially rectified omissions and helped verify original evidence and perspective, since some could not respond due to the intensity of annual strategic planning.

Within both the development partner community and in some ministries and provincial departments the issue of a lack of institutional memory regarding both the coordination of ODA and of the PD due to transfers and resignations of staff were raised, as were limits due to ministries 'splitting' (from the Dept. of Environment Affairs and Tourism into the Dept of Environmental Affairs, and from the Dept. of Minerals and Energy to form the Dept. of Energy). Nevertheless relative newcomers to the country provided valuable insights into their roles and engagement within South Africa and with other partners. Some responses have been very thematically strong but weak on detail, requiring returns to the respondent or other officials in the development partner's office. Written feedback from members of the Country Reference Group to the Inception Report, the Draft Preliminary Findings Report and the Draft Final Report was limited. Despite inviting 45 development partner representatives to

the January 28th 2011 Stakeholder Workshop on the Final Draft Report (and extending deadlines for written comments to February 3rd) only 10 representatives attended, and written comments were received from only one development partner. Civil society leadership was unavailable due to their preparations for the December break, and to early 2011 strategic planning and were only consulted on February 18th 2011.

An obvious overall limitation of the report is the use of only the two main sectors in making statements on the extent and state of an overall 'aid effectiveness effort' in South Africa. This is recognised as a limitation inherent in the overall study design, but is tempered by the use made of other recent aid effectiveness studies.

2. Country Findings on the Common Evaluation Questions

2.1. Evaluation Question 1. “What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?” (The Paris Declaration in context)

1a. What are the broad contextual and structural conditions of SA?

i) Development strategies, the organisation of government, governance and the rule of law

South Africa has had a strong history of national development planning and strategy development since independence. Unlike many other countries it has not adopted a Poverty Reduction Strategy Process, preferring to determine and have control over its own growth path and development trajectories. It seeks to maintain strong country ownership in implementing its' own aid agenda. The 1994 Reconstruction and Development Programme (RDP) was the 'plan of action' developed by the African National Congress as 'government in waiting', designed primarily as a framework within which legislation could be developed, and as a blueprint for transforming social, economic and political structures across the country. In 1995 RDP was replaced by the highly debated and deeply contested Growth, Employment and Redistribution Strategy (GEAR), in recognition that 'development' would only take place in the context of an explicit macro-economic policy that placed economic growth at its heart. This pattern for growth was accelerated in 2006 with the adoption of the Accelerated and Shared Growth Initiative of South Africa (ASGISA). 2010 witnessed the tabling of the 2010 New Economic Growth Path, with firmer emphases on supporting industrial policies and the inclusion of support instruments for transitions towards a 'green economy'⁸.

The policy commitment throughout these distinct but related eras has been one of 'continuity of change', building on development successes, taking stock of ongoing challenges and developing strategic responses to address limitations to growth and development.⁹ In effect, the country has moved from the initial redistribution imperative, through a neo-liberal phase and now trends towards an indigenous version of a social democratic developmental state.

In 2009 President Zuma announced a new structure for national government, aimed at achieving better alignment between the developmental mandate of government, the electoral mandate and the development challenges that require immediate attention. This centres on four inter-connected areas of policy-development, planning, effective implementation and continuous monitoring and evaluation. The foundations throughout are the identified 12 priority outcomes derived from the Medium Term Strategic Framework for 2010-2014 (MTSF), which fleshes out the overall objectives of the electoral mandate. These outcomes were officially adopted in January 2010, and relate to five overarching priority areas: education, health, jobs, rural development and safety (See Box Two).

Policy, budgeting and implementation is managed within the framework of the rolling three year Medium Term Expenditure Framework (MTEF), initiated in 1997 and subsequently exported to and adopted by many other African governments.

Box One: The Medium Term Expenditure Framework¹⁰

Its primary objective is to ensure that government is able to deliver its reconstruction and development in the context of three year estimates of expenditure that are consistent with a sound macro-economic framework. The MTEF is intended to enhance the transparency of the budget process and budget documentation so that policy goals and resources are clearly set out and thereby to enable the political prioritisation of budgets. It aims to reduce unfunded mandates and unauthorised policy proposals while seeking to provide better dialogue with civil society and the general public on expenditure priorities.

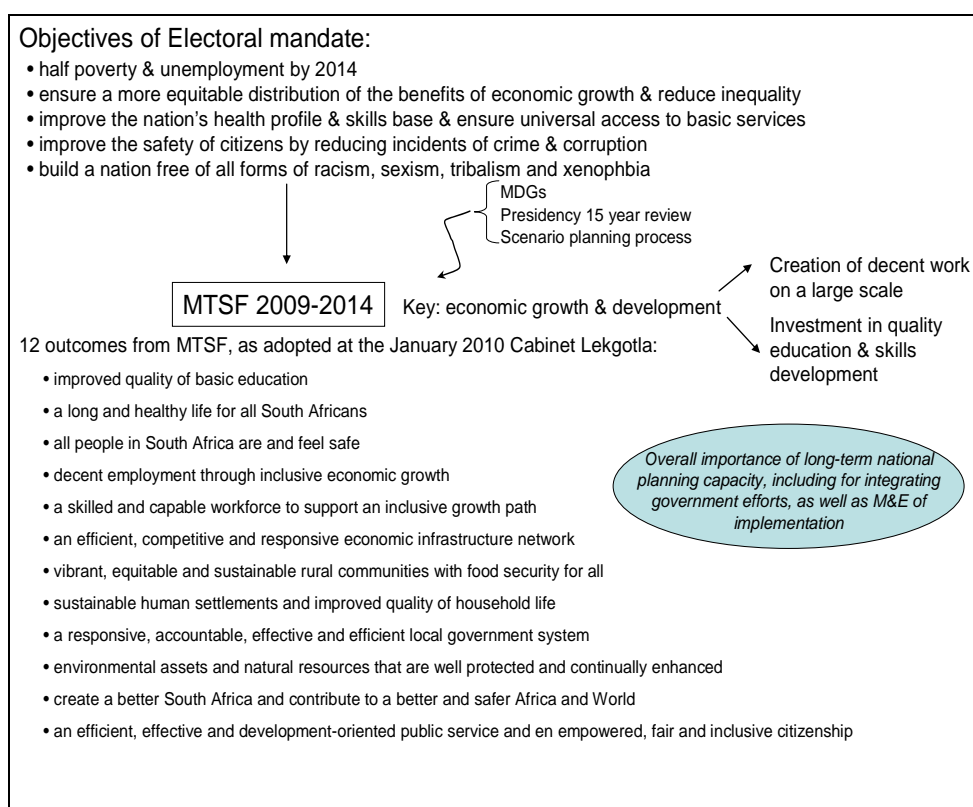
⁸ See: www.thepresidency.gov.za and links.

⁹ In: Introduction. South African 2010 Millennium Development Goals Report.

¹⁰ In: Synthesis Report: Development Cooperation Report II for South Africa.1994-1999. P46. International Organisation Development. November 2000.

Civil Society perspectives on this very broadly stated 'governance' have varied. For example, the South African Reconciliation Barometer annually measures citizens' attitudes to six main indicators, including human security, political culture, cross cutting political relationships, dialogue, historical confrontation and race relations. The April 2010 Barometer shows substantive improvements in levels of citizen confidence, and a reversal of the 2006-2009 trend of a decline of public confidence in public institutions. Anticipation of the FIFA World Cup, greater political stability in the post election period, both within the government and the ruling African National Congress (ANC) were cited, with 67% reporting 'a great deal' or 'quite a bit of confidence' in the presidency, in 'national government' (66%), in Parliament (65%), in the Constitutional Court (64%), the legal system (60%) and in provincial government and the police (59%). It found relatively high levels of agreement that it is important to follow the rule of law, but found increased percentages of South Africans who felt it justifiable to take part in demonstrations (51%) and strikes (48%) if their human rights were violated, consistent with the rising number of protests staged round the country over recent years. However confidences in political parties and in local government were at lows of 44% and 43% respectively.¹¹

Box Two: Medium Term Strategic Framework: Key Development Objectives and Outcomes¹²



ii) Economic and Social Factors and Indicators:

Positives:

South Africa has for long been classified as a middle income country. Since 1996 the country has achieved a high degree of macro-economic stability and fiscal 'robustness'. Over the last decade net public loan debt was reduced from 48.3% to 22% in 2008, and at times has run close to a balanced budget. In 2009, real GDP was R1.251 bn (US\$144 bn). Real per capita GDP increased 20% between 1994 and 2009 to R 26,695 (\$3,075). Growth moved from around 3% p.a. in the early 2000's to over 5% over 2005 to 2007. Over the 2008 recession it

¹¹ The South African Reconciliation Barometer: Institute for Justice and Reconciliation. December 2010.

¹² Developed from information available on SA Government web sites. See: www.thepresidency.gov.za and links.

slowed to 3.7% and in 2009 was at -1.9 percent. GDP is expected to grow by 2.3% in 2010 increasing to 3.6% by 2012. (See Graph One: Comparative GDP per capita growth-other middle income countries).

South Africa has highly developed and well managed financial management systems and regulatory oversight in both the private and public domains, which is recognised internationally, enabling it to manage the effects of the recession very well. In 2010 it was ranked first of 94 countries internationally, above New Zealand and the United Kingdom, in independent open public budget analysts annual surveys.¹³

Negatives:

Despite good macro economic performance, there has been rising social dissatisfaction and unrest over the decade, continued deep poverty and high inequality. The GINI coefficient has widened to 0.66, one of the highest in the world.

The 2010 Human Development Index for S.A shows a rating of 0.597, and a country rank of 110th. South Africa's rank has fallen from 104 in 2005 to 109 in 2009 and 110 in 2010. In 1990 the index was 0.601 and in 2005 0.587. SA's annual HDI trend between 1990 and 2010 is negative – albeit very small. The trend has been positive between 2005 and 2010 (+0.02%). South Africa's HDI has increased at a slower rate than sub-Saharan Africa's positive trend, but in terms of absolute value it is still well above the average for sub-Saharan Africa. It has fallen behind the world average, which shows a positive trend, whereas in 2005 it was only just behind and in 1990 it was well above the world average.¹⁴

Despite its status as a middle income country, many of the socio-economic indicators are close to countries characterized as low income, and the high inequality remains a persistent hurdle.

The October 2010 National Millennium Development Goals Report shows serious inequality in education (specifically access) and in access to quality health care. Combined with the high prevalence of HIV/AIDS (the rate is 19%, one of the highest in the world), it explains why the country has not achieved some MDG targets related to outcomes such as employment and income levels (impacted on by education) and on life expectancy (impacted by health conditions). (See Box Three for a summary and an assessment of the extent to which the 2015 targets are likely to be met).

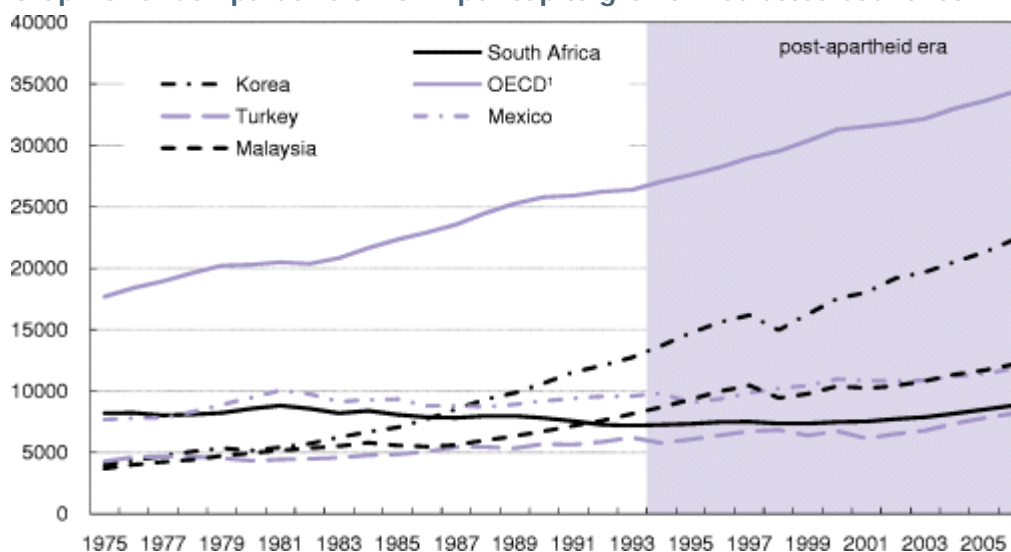
Box Three. South African MDG 2010 summary achievements and 2015 targeting¹⁵

Millennium Development Goals	Extent of achievement of all sub targets			
One: Eradicate extreme poverty and hunger	Achieved: 3	Likely:7	Possible:6	Unlikely:6
Two: Achieve universal primary education	Achieved:1	Likely:2	–	–
Three: Achieve gender equality	Achieved:3	Likely:3	–	–
Four: Reduce child mortality	Achieved: 0	Likely:2		Unlikely:3
Five :Improve maternal health	Achieved:1	–	Possible:1	Unlikely:3
Six: Combat HIV/AIDS, malaria and others	Achieved:2	Likely:1	Possible:1,	Unlikely:2
Seven: Ensure environmental sustainability	Achieved:2	Likely:2	Possible:3	Unlikely:2
Eight: Develop global partnership for development	Achieved:2	Likely:4	Possible:4	Unlikely:1

¹³ See: <http://www.internationalbudget.org/what-we-do/open-budget-survey>

¹⁴ Sources: SA National Treasury, Budget Review, 2003, 2006, 2010; Speaking Note: Address of Deputy Minister, Treasury, N.Nene to Consultative Forum with Development Partners. September 17th, 2010; Minister of Social Development. 2010; Ibrahim Index of African Governance, Summary. Mo Ibrahim Foundation; Development Indicators 2009 and 2010 editions: Office of the Presidency; Millennium Development Goals: South African Country Report 2010; UN Human Development Index. Main and S.A Country Report 2010; South African Reserve Bank (SARB) 2. Statistics SA's Mid-year population estimates 2008 (Release P0302) 3. Community Survey 2007 4. www.info.gov.za

¹⁵ Millennium Development Goals. South African Country Report 2010

Graph One: Comparative SA GDP per capita growth –selected countries¹⁶

1b. The relative place of aid subject to PD principles in SA and trends?

What are the trends including pace of change in respect to:

i) Aid management policy:

Trends in ODA or aid to South Africa are evidenced in five distinct phases; these are described in detail in Section 1.1.

The key organisational issue was that aid had to be aligned to the country's development priorities, to complement government expenditure, and be managed in a manner that fully supports the country's development agenda. In many senses, these principles predated the adoption of the Paris Declaration and were affirmed in the 2003 Treasury publication of the 'Policy Framework and Procedural Guidelines for the Management of Official Development Assistance', providing the first complete formal guide to processes and procedures. These core South African principles for the management of ODA were reaffirmed in a 2010 update, more closely reflecting the principles of the Paris Declaration and the Accra Agenda for Action.¹⁷ The most important national priority has been government ownership of ODA and reliance on government systems; these are strong and non-negotiable priorities. South Africa, and not external institutions, should decide how ODA is to be used.

While these fundamental principles were not for debate, the issue of how to apply this in practice was more nuanced. It was acknowledged for example, that ownership may take many forms. Likewise, other core principles for ODA management such as harmonisation and alignment were needed to be translated into practice through more specific guiding principles suitable to the unique South African context. A list of core principles were established to be used to inform the design and management of ODA, with an emphasis that ODA needed to be adapted to suit the specific developmental and organisation context and, therefore, the principles should be applied pragmatically.

The revised 2010 guidelines consistently re-emphasise strong country ownership and alignment with national strategies and objectives, as well as South Africa's middle income status and the size of its economy, with total ODA by value at around US\$ 140 mill., but limited to far less than 1% of GDP (around 0.4% of Gross National Income).

The main features of recipient structures, their functions and aid management procedures in South Africa are covered in Annex 5.

¹⁶ OECD DAC Statistics.

¹⁷ The Policy Framework and Operational Guidelines for the Management of Official Development Assistance. 2010. IDC, National Treasury. South Africa.

Since the results of the Phase One Evaluations the International Development Cooperation Directorate has partially completed the recommended Action Plan by a) restructuring along national cluster priorities and aligning ODA to these, b) more closely aligning ODA to public finance and budget systems, c) undertaking capacity building in provincial ODA's coordinators offices in three provinces, Limpopo, Kwazulu-Natal and the Eastern Cape, d) upgrading the Development Cooperation Information System (DCIS) to include aid effectiveness indicators and e) consulting widely with Civil Society Organisations.

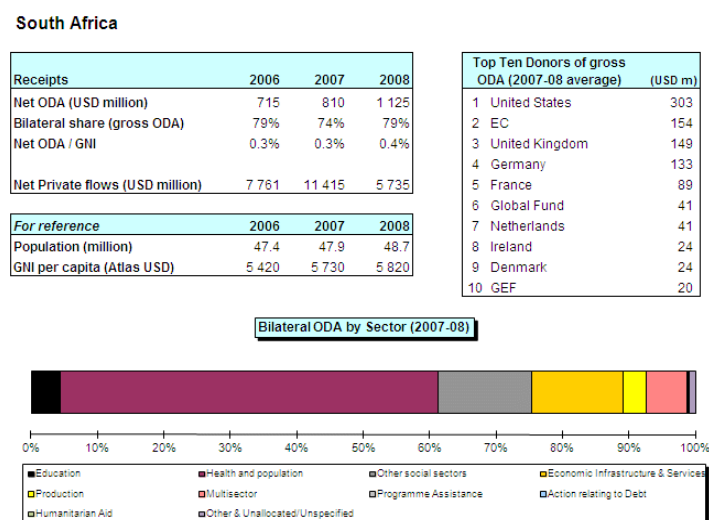
In 2010, the Directorate reaffirmed its strategic objectives, in conformation with those of the Treasury, with one strong priority being support of regional integration in South Africa, the region and in Africa. It also restructured itself away from portfolio based arrangements for the management of ODA towards an organogramme more suitable to providing better access for partners to it's services, improved mobilisation and more effective coordination of ODA in the country and alignment with cluster priorities, more effective programme delivery in leveraging ODA to support strategic development priorities, ensuring ODA alignment to budgets, compliance with global ODA commitments and enhancing the ODA knowledge base, and to promote complementary and incremental effectiveness through the maintenance of ODA's strategic strengths in introducing best practices, innovation, risk taking and piloting practices.

Its preferred approaches and modalities are programme and project approaches aligned to budgets, and sector budget support.¹⁸

ii) Levels and source of ODA. Trends.

A total of about \$8 billion of aid (in constant 2007 US\$) was committed between 2000 and 2008, of which about \$6.2 billion (77% of committed) was actually disbursed.

Figure 2.1: Gross values of all aid, top development partners by value, and priority sectors: 2006-2008¹⁹



Of the ten largest development partners to South Africa, the USA disbursed the most of its aid to the social sector (92%). On the other hand Germany and the UK provided the smallest proportion of its aid to the social sector (40 and 51% respectively), but provided the largest proportion of aid to the economic infrastructure and services sector (Figure 2.2). Belgium, the Netherlands, Sweden and Denmark provided less than 5% of their aid to this sector. The

¹⁸R.Toli : Consultative Forum with Development Partners; Overview of the Strategic Objectives of the IDC and its new management structure. Pretoria. September, 2010.

¹⁹ OECD , World Bank, www.oecd.org/dac/stats

Netherlands, according to OECD DAC, provided 22% of its aid to 'other' sectors, including general budget support and ODA unallocated to a specific sector.

Figure 2.2: Percentage breakdown of ODA contribution by sector, by development partner 2002 to 2008²⁰

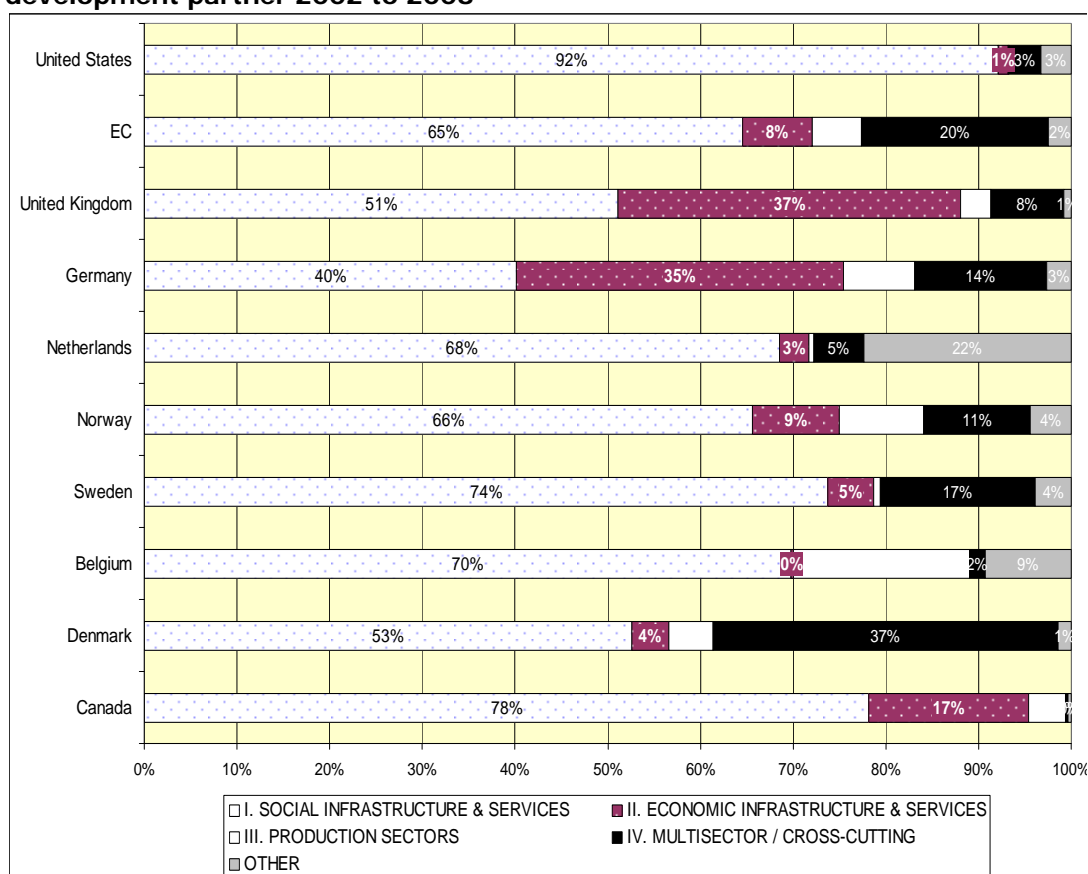
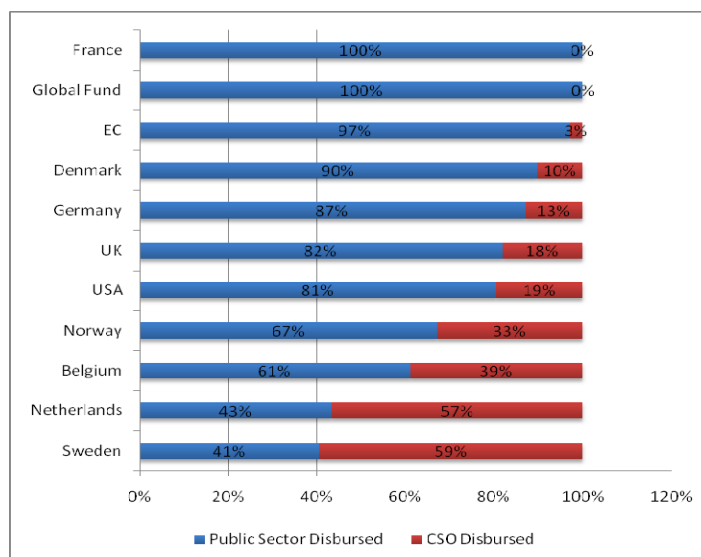


Figure 2.3 indicates that development partners such as France, the European Commission and Denmark have primarily disbursed their respective ODA contributions to the public sector. In contrast, development partners such as Sweden, the Netherlands and Belgium have disbursed significant portions of their respective ODA to civil society. ODA delivered in terms of an agreement with government but which is disbursed to NGOs as delivery agents is still counted on DAC and CRS databases as aid to the public sector. However USA contributions to civil society are considered as contributions in support of civil society.

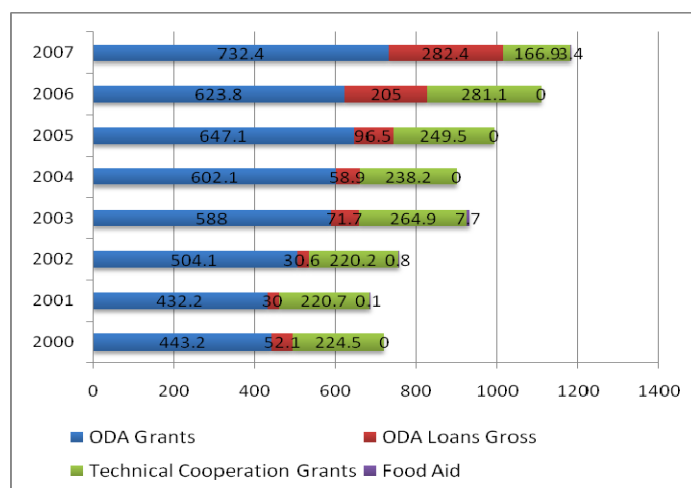
²⁰ OECD DAC

Figure 2.3: Gross disbursement of ODA through different channels 2000 - 2008, by development (constant 2007 US\$ millions)²¹



The majority of ODA provided to South Africa is in the form of grants, but loans are increasing (Figure 2.4). During the period 2000-2008 approximately two thirds (63%) of ODA disbursed, according to OECD DAC, took the form of grants. Technical Cooperation Grants accounted for 26%, and loans accounted for 11% during this period. ODA loans are gradually increasing and Technical Cooperation Grants are decreasing. In 2000 loans accounted for 7% of ODA, by 2007 this had increased to 24%. Technical Cooperation Grants have decreased from 31% in 2000 to 14% in 2007.

Figure 2.4: Annual distribution of ODA, by type of receipt, 2000 - 2007²²



The EC has the lowest disbursement to commitment ratio for the period. Examining year on year committed versus disbursed data can be misleading (for the simple reason that development partners make multi-year commitments that do not necessarily imply that the funds will be disbursed over the same time period), but it is interesting to view the aggregated pattern of disbursement versus commitment for the period. Figure 2.5 illustrates

²¹ OECD DAC
²² OECD DAC

that of the 10 major development partners, the European Commission had the lowest disbursement to commitment ratio (48% of committed funds were disbursed).

Figure 2.5: Committed funds versus disbursed funds, by development partner for the period 2000 to 2008 (constant 2007 US\$ millions)²³

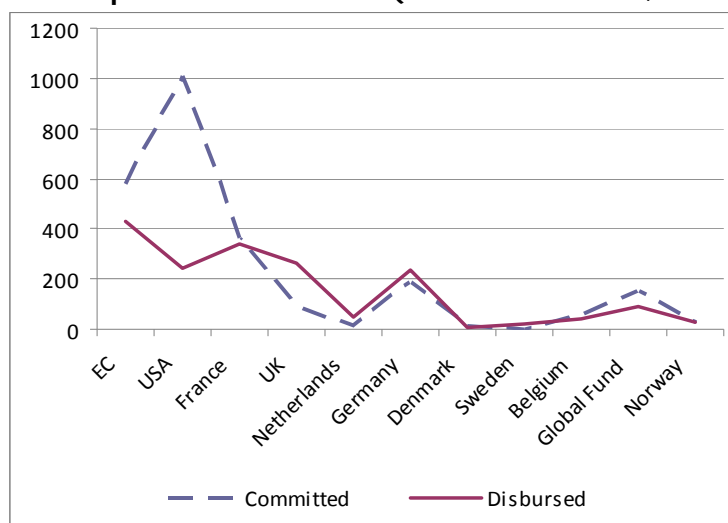
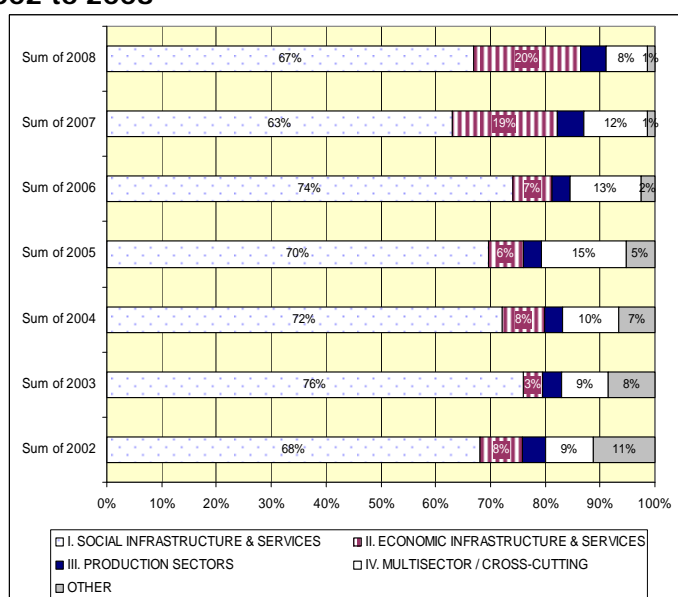


Figure 2.6 reflects ODA distribution (for all types of ODA) by sector from 2002 to 2008. It is only for aid distributed to the public sector, i.e. it excludes support of the NGO sector. It indicates that the strongest support is overwhelmingly for social infrastructure and services, at between 67% and 74%. A clear shift however is in the increase in ODA disbursement for economic infrastructure and services which grew from 8% in 2002 to 20% in 2008. If one takes the growth in the economic infrastructure and services and production sectors together and include the water supply and sanitation sector (roughly equal to the Economic Affairs and Employment sector in the SA clusters) the trends reflected below are in broad terms similar to the trends showed by the South African Estimates of National Expenditure (ENE) dataset.

Figure 2.6: Total disbursement by all DAC donors to the main sectors by year 2002 to 2008



²³ OECD DAC

1c. The most important SA and international events affecting implementation of the PD

Positives:

Nationally, ongoing service delivery riots, backlogs on meeting targets, new challenges such as the water 'crises', have seen the president bring a much sharper focus to the country's development agendas. Changes in the political leadership of central service delivery ministries, introducing new key national objectives and 12 associated development outcomes associated with the Medium Term Strategic Framework (covered in sections above) and the reorganisation and enforcement of performance criteria and contracts of Ministers and Directors General have been introduced.

Globally, South Africa is assuming a larger profile in the global 'development arena', with its recent assumption of a central role as chair in the G20 Summits Developmental Agenda- the Seoul Development Consensus for Shared Growth (supporting the social agendas in the MDG's but focusing on the economic growth that should underwrite social progress). Significantly, South Africa has assumed membership of the BRIC country grouping (Brazil, Russia, India, China) in January 2011 on the basis of its increasing economic and developmental interdependence and relationships with these new partners, and is currently a partner in the 'mini-lateral' IBSA forum (India, Brazil, South Africa). See section 1d.

Common commitments to the G77 Ministerial Declaration on South-South Co-operation, which defines collaboration as a "common endeavor of people's and countries of the South and must be pursued as an expression of South-South solidarity and a strategy for economic independence and self-reliance of the South based on their common objectives and solidarity" also reflect current changes and future directions in the nature of aid relationships and the operation of the Paris Declaration.

South Africa also plays a strong role within the South African Development Communities' (SADC) Regional Integration Agenda²⁴, where many development issues crucial for progression in the region are cross sectoral and transnational, and where SADC's 2006 Windhoek Declaration is closely modelled on the Paris Declaration. The 'regionalisation' of aid into the SADC region and sub-Saharan Africa by both traditional development partners and by South Africa, is occurring within partnerships in the Development Bank of Southern Africa (DBSA), through the International Development Cooperation Directorate's regional mandate²⁵ and via the recently constituted South African Development Partnership Agency. This trend has many 'forms', partnerships and modalities.²⁶ South-South partnerships into the region and sub-Saharan Africa are also occurring.

Related global commitments and increased 'connectivity' on International Multilateral Agendas such as Health, Environment, Water, Biodiversity and Climate Change will also impinge on the Paris Declaration and Accra Agenda for Action principles.

There has recently been a proliferation in the number and type of global foundations and NGOs working in the country, and internally there is a strong Corporate Social Responsibility culture and a strong national 'culture of giving'. In the latter, annual aggregate allocations towards many development and anti-poverty demands exceed by far the annual aggregate aid allocations of traditional development partners. Extrapolating from a nationally representative sample, South African citizens have been estimated to mobilise almost R930

²⁴ President Zuma was Chair of the SADC Council in 2009. Important regional integration work is bilateral ODA signed with both Comesa and SADC, driven in partnership with the Development Bank of Southern Africa. One example is DFID's Trademark programme, valued at around R1 billion over 5 years to 2014, promoting a central transport, customs and trade corridor through the region. See <http://www.trademarksa.org/> See Annex Five. Section One. Footnote 2 discussion.

²⁵ See Annex Five. Section One: Footnotes 1 and 2 for a discussion on its extent.

²⁶ One estimate of the extent of the precursor to SADPA's contribution into the region over 2005-2008 is put at \$197million, with this classified as bilateral South South cooperation. Supplementary study on "Development Resources beyond the current reach of the Paris Declaration". FORO Nacional Internacional. September 2010.

mill in an average month (over R11 billion per year). Seen in context, it amounted to 2.2% of the total monthly income for the working age population (as measured by Census 2001).²⁷

Negatives:

The recession has meant less fiscal 'space' or 'robustness' in South Africa, so the relative contribution of ODA, particularly regarding sector budget support, can be seen as assuming more importance. Evolving and changing G8 commitments pre and post recession can influence the flows and modalities for aid. Similarly, changes in political leadership in partner countries, in the preferred modalities for European Union (and other 'blocs') support, and ongoing changes in development partner headquarter (HQ) priorities in terms of establishing new target countries as well as sector priorities, allocations and modalities can all influence the way in which the PD is implemented.

Finally, the current reorganisation and 'splitting' of a) the Department of Environment from the original Department of Water and Environment, formerly the department of Water Affairs and Forestry and of b) the Department of Energy from the Department of Minerals and Energy, impinges on the workings and effects of the Paris Declaration. In the latter, staff in the International Relations Division, responsible for ODA, are being scaled up from two to nineteen, partly due to the intense demands associated with management of ODA and mainly due to compliance requirements arising from membership of many continental, multilateral and global compacts. In certain sectors there have been frequent changes in ministerial leadership, with, for example, three ministers in three years in the South African Dept. of Environment. This can have a negative influence on the implementation of the PD.

1d. What are key issues that have/are influencing aid in South Africa?

i) The possible influences? Changes in the wider environment affecting aid since 2005?

South Africa's status as a vibrant middle income country and one of the strongest economies in Africa determines the wider environment for aid. Its geo-political and strategic position globally and in Africa, coupled with its centrality and proximity to major global concerns (fragile states, transcontinental migration, continental backlogs in infrastructure and services, environmental stress, global warming/climate change and HIV/AIDS) have several implications for the overall aid environment.

Political and development cooperation from traditional development partners has, broadly, been re-orientated towards supporting the maintenance of both a regional presence and a platform for supporting countries in the region via trilateral modes of development cooperation. South Africa is a 'focal' country for such cooperation, given a range of Pan African institutions that are hosted in the country and the relative depth in capabilities in both public institutions and consultancies. For example South Africa and Germany have agreed to establish a 'trilateral cooperation fund' where both countries join forces and provide technical assistance to other African countries or pan-African institutions.

Bilateral cooperation is now characterised by new and transformed relationships and modes of cooperation where the 'development partner to recipient' relationship is replaced by partnership relationships on equal terms where each have something to offer and to gain. At the same time there are now more bilateral agreements focusing on the provision of more 'global public goods', and a trend to shift from traditionally strong bilateral focal areas into new trilateral areas, particularly security and governance, the environment, energy and climate change. The EU, USAID, Germany, Denmark, DFID, Norway, Sweden and Italy, among others, are all 'regionalising' strongly.²⁸ Recently the Nordic countries prepared a Declaration of Intent for a partnership with South Africa in Africa. The draft Declaration emphasises the importance of the principles outlined in the Windhoek Declaration, and the

²⁷ From: Everatt, D. and Solanki, G. A Nation of Givers? Social Giving Among South Africans. Research Report No 1. Series: The State of Social Giving in South Africa. Centre for Civil Society, National Development Agency and SA Grantmakers' Association, 2005

²⁸ See for example a synopsis of Sweden's Development Cooperation Strategy in Annex Five. Section One.1d).i.

ownership by the third country in any such trilateral engagement²⁹. Boxes Six, Seven and Eight highlight some important dimensions to regional strategic relationships.

Box Six: The South African- European Union Relationship in the region.

The strategic importance of SA is well illustrated by its relationship with the EU. Recognising the key role that SA plays in the Southern African region, on the African continent and on the international scene, the EU-SA Joint Co-operation Council adopted a Joint Statement in November 2006, launching a new EU-SA Strategic Partnership, its content further specified in the Joint Action Plan adopted May 2007 in Brussels. The Action Plan calls for enhancing "existing co-operation by moving from political dialogue to active political co-operation on issues of mutual interest, at bilateral, regional, continental or global level". Among its main goals is the decision to engage in regular high-level political dialogue at Summit level; to confirm and intensify dialogue at all other levels of co-operation, including bi-annual political talks in Troika format at Ministerial level and Joint Co-operation Councils at senior official level; to strengthen co-operation on development through different means, including the Joint Country Strategy; and to undertake a regular high level dialogue on the environment and climate change. The Partnership and Action Plan are based on the recognition of the mutual interests of both partners in many areas of common concern that may require joint positions, actions and/or policy co-ordination. These interests and global actions can be reinforced by frank, open discussions and exchanges of information between the partners on domestic, regional, continental and global issues. They build on the already existing co-operation between the EU and SA, and will support the EU Strategy for Africa and the EU-Africa Joint Strategy, as well as reinforce Nepad and peace and security initiatives on the African continent.

Aid has also become one 'instrument' for the widening and deepening of investment and trade relationships in the rapidly changing global economy where 'economic space' for transfers of capital, technologies and skills in traditional partner countries has contracted significantly. New business opportunities for development partners in the development sector overall, particularly in the health, agriculture, water, environment, energy, and climate change sectors as well as in the related 'green economy' abound here and in the region, and the manner in which these are accessed, sometimes via various 'modalities' in the existing architecture of aid can become the subject of significant tensions locally regarding the respective costs and benefits to the different parties.

At the same time, the emergence of non traditional countries as development partners, such as South Africa, and Brazil, China and India both here and in the region are contributing to a shift in the traditional development debates and in the design and implementation dimensions of support.³⁰ As is well known, Africa is becoming an important focal point for competition between the major powers, including 'Asia', in their quest for both raw materials and energy sources, as well as for markets. Asian countries are increasingly development partners for South Africa and in Africa more broadly. Various new or revitalised forums facilitate these investments, such as the India-Africa Forum, the Forum for China-Africa Cooperation, the Korea-Africa Forum, the New Africa-Asia Strategic Partnership, and the Tokyo International Conference for Africa's Development. They provide a platform to strike mutually beneficial strategic partnerships and to deepen economic, political and developmental relations that heighten the collective influence of the participating states.

There are some strong views in South Africa, premised on perspectives of the strategic foundations and post colonial 'modus operandi' in some traditional development partners' ODA investments, that 'we cannot have a moral conversation with the new development partners regarding their motives, methods and modalities'.³¹ However, an official South African view is that the 'development assistance model' of certain Asian countries remains that of tied aid with ODA being linked to the use of donor country labour, equipment, and materials.³² Africa is seen thus as having a unique opportunity to alter the colonial/neo-colonial development and trading paradigms by engaging with Asian countries to ensure that

²⁹ Interviews and Documentation. In: Declaration of Intent between the Kingdom of Norway and the Republic of South Africa on Bilateral Cooperation for the period 2010-2014. Norwegian Embassy. Pretoria. November 2010.

³⁰ See for example recent papers by Brautigam, D. China, Africa and the International Aid Architecture. March 2010; Dreher, A., Nunnenokorp, P. & Thieleck, R. Are 'New' Donors Different? Comparing the Allocation of Bilateral Aid between Non-DAC and DAC Donor Countries. Kiel Institute for World Economy. March 2010

³¹ Interviews with the Deputy Director; IBSA Trade and Investment Seminars. Department for International Relations and Cooperation. Pretoria December. 2010.

³² For a robust attempt at detailing the financial and technical instruments and arrangements as well as the 'moral conversations' around this new donor trend globally, see: Supplementary study on "Development Resources beyond the current reach of the Paris Declaration". FORO Nacional Internacional" September 2010.

their activities in Africa are aligned with African objectives.³³ The country is thus taking a strong role in various continental forums, in the AU-Nepad, and in its bilateral, trilateral and new South-South-North relationships in strengthening the principles and practice of 'Country Ownership'. This role is based largely on its own (negative) learning experiences with both traditional and new development partners, and its current, growing ability to define its own requirements more comprehensively.

A soon to be enacted Bill in Parliament will formalise the establishment of the aforementioned South African Development Partnership Agency (SADPA). This will take on the role of the African Renaissance Fund in the former Ministry of Foreign Affairs (now the Department for International Relations and Cooperation-DIRCO). This will give a legal framework to the execution of South Africa's foreign policy and facilitate more effective international development cooperation. The Renaissance Fund was often called upon to facilitate as a partner in trilateral cooperation in the past and to share South Africa's best practices in managing development assistance. The new agency will also explore opportunities to further support development goals on the continent via a number of possible approaches including trilateral cooperation and South-South-North ('triangular') partnerships. In the latter, projects are led and implemented by two or more southern countries with financial or technical support from a northern partner or a multilateral organisation, and are increasing rapidly. (See also Box Seven below).

These arrangements work on the premise that the challenges faced by developing countries can be best addressed with the experiences of other developing countries, and builds on the expertise that resides in South Africa, making use of indigenous knowledge and experiences. It attempts to take advantage of the strengths of South-South cooperation, using the comparative advantages of each southern partner, and also leveraging the resources and knowledge that wealthy development partners can bring to bear.³⁴ As a non traditional development partner, the South African view is that it is essential that the complexities associated with trilateral co-operation should not lead to compromising transparency, accountability and clarity regarding roles and responsibilities.³⁵

Box Seven: Trilateral Cooperation: South Africa supports Financial Reform in Africa³⁶

A good example of the South African role in trilateral cooperation is drawn from its own experiences in recognising and addressing the important link between effective financial management and development. Aid dependency in many sub-Saharan countries will not change until effective financial management systems and especially effective tax collection systems are put in place. This critical link has been recognised by South Africa and especially by the National Treasury, Office of the Auditor General and South African Revenue Services (SARS), in providing support to various African countries around financial reform.

The three most important programmes in this respect are AFROSAI-E – support to English speaking audit institutions in Africa; CABRI – the Collaborative Africa Budget Reform Initiative and ATAF – the African Tax Administration Forum (ATAF). The latter aims to become a platform to allow African administrators to articulate African tax priorities, anchor good practices, and build capacity in African tax policy and administration through peer learning and knowledge development. GTZ has supported the ATAF interim secretary. The OECD supports the initiative and the African Development Bank in 2009 confirmed its commitment to supporting the Forum with its plans to establish itself as an international institution.

The Collaborative Africa Budget Reform Initiative is a professional network of senior budget officials in African Ministries of Finance and/or Planning. CABRI's main objective is to promote efficient and effective management of public finances, which fosters economic growth and enhances service delivery for the improvement of living standards of African people. The OECD, African Development Bank and World Bank Institute all support CABRI.

AFROSAI-E consists of twenty-one English and two Portuguese-speaking Supreme Audit Institutions in Africa. The Executive Secretariat of AFROSAI-E is housed in the audit office of South Africa. The Auditor-General of South Africa is the Chief Executive Officer of AFROSAI-E. The Swedish National Audit Office (SNAO) and the Netherlands Court of Audit (NCA) play supporting roles as institutional partners of AFROSAI-E. They contribute capacity, knowledge and experience on strategic and technical levels according to the needs of the organisation's ongoing training and development programmes. The World Bank is also supporting AFROSAI-E.

³³ Draft Discussion Document: South Africa's Foreign Policy: Meeting the Challenges of the Future. Department of International Relations and Cooperation.2010.

³⁴ Fordelone 2009: 7-8, in Lucas.B, Current trends in South- South Cooperation. Undated.

³⁶ Interviews with N. Boateng and S.Venter: S.A National Treasury and South African Revenue Services. December 2010.

South–South cooperation is increasing, with southern countries taking ownership of development and leading technical cooperation, while promoting the transfer of practical experience. These often share characteristics and constraints, with ‘southern’ or ‘indigenous solutions’ to development problems that are better adapted to local conditions than traditional northern-inspired solutions.³⁷ South-South cooperation has been reported to “lack the overtones of cultural, political, and economic hegemony that is sometimes associated with traditional North-South aid”.³⁸

Opportunities are strongest for middle-income countries. The Accra Agenda for Action encourages South-South and triangular cooperation, with both modes likely to continue growing in importance as middle-income southern countries increase their provision of development assistance, pursuing the goal of increasing southern leadership in development. These modes however do face the challenges of ownership, alignment, and coordination, similar to all areas of international development.³⁹

In 2010 the Partnership between India, Brazil and South Africa (IBSA) was honored by the Millennium Development Goals Award, in partnership with the UNDP’s Millennium Campaign and their Office for Partnerships for “their leadership and support of the IBSA Facility for Poverty and Hunger Alleviation (the IBSA Fund) as a breakthrough model of South-South Technical Cooperation”. In their citation, the UNDP argues that “the IBSA Fund brings together these three emerging economies and vibrant democracies in the quest to combat poverty in other developing countries. It is a breakthrough implementing South-South cooperation together with the UN system”.⁴⁰

In March 2010, South Africa’s hosting, with NEPAD and the EU, of the Africa Regional Meeting on Aid Effectiveness, South/South Cooperation and Capacity Development provided an opportunity to assess important constraining elements in the current ‘architecture of aid’ and its implications for Africa’s development. It enabled new reflections on existing innovative mechanisms to enhance capacity for South-South cooperation, and to prepare opportunities for the ‘South’ to engage in a dialogue of equals with the ‘North’ to promote effective reform of the existing aid cooperation architecture at the Fourth High Level Forum in Busan, Korea in 2011. The ‘key messages’ from the Africa Regional Meeting on Aid Effectiveness are summarised in the following box.⁴¹

Box Eight: Key Messages: Africa Regional Meeting on Aid Effectiveness. South Africa. 2010

1. The Paris Declaration and the Accra Agenda for Action continue to provide the necessary entry points for Africa to constructively engage;
2. Africa should lay the foundation for sustainability through clearly articulated, implementable and measurable strategies and muster the necessary synergies between Aid Effectiveness, South-South Cooperation and Capacity Development;
3. A paradigm shift in the Aid relationship is required to ensure genuine partnership and dialogue based on equality, with focus on country-led priorities;
4. Aid is only one source of Development Finance required to meet Africa’s developmental needs. Therefore, Africa should explore innovative and alternative financing mechanisms and other forms of Development Finance especially remittances, given the urgent need to focus Aid on the productive sector;
5. Aid relationship must reflect transparency, value-driven partnerships, actors, capacity development with focus on country-led priorities. The overall objective is to promote development partnerships founded on mutual equality, respect, trust and accountability;
6. The effective use of country systems is crucial to achieving better aid management, which is heavily dependent on effective capacity development at all levels, thus ensuring African ownership and leadership. g. The commitment of Southern States, including African, to take full control of their development and promote the efficient management of AID;
7. Consensus that South/South Cooperation continues to be a promising mechanism to be formalized in public policy design. However, this requires the consistent integration of capacity development in South/South practice.
8. The Bogota High Level Event on South-South Cooperation and the Seoul High Level Forum on Aid Effectiveness must set in place a credible, time-bound and quantifiable process of ensuring that effective cooperation can

³⁷ Rosseel et al. 2009: 19; UNDP 2007: 3-4. In: Lucas., B. Current Trends in South South and Triangular Cooperation. Undated summary note.

³⁸ Ibid: P19.

³⁹ Ibid. P2.

⁴⁰ Briefing note issued by the S.A Department of International Relations and Cooperation, Pretoria. September 2010.

⁴¹ The Africa Regional Meeting on Aid Effectiveness, South/South Cooperation and Capacity Development: Pretoria, South Africa, 2-5 March 2010. Summary of Key Outcomes and Recommendations . “From Aid Effectiveness to Development Effectiveness, Building Partnerships of Equals Based on Mutual Respect, Trust and Accountability”. EU Briefing.

contribute to the end of aid dependency.

9. The underlying need to build Africa-owned and led regional platform on Development Effectiveness that focuses on AE, SSC and CD, through coordination by African regional institutions such as the NEPAD Agency;

10. Broad recognition of the Africa-wide NEPAD Capacity Development Strategic Framework (CDSF) as an innovative regional tool. This framework should be applied in strengthening country systems for development effectiveness including aid management to advance African ownership and leadership;

11. Consensus that South/South Cooperation continues to be a promising mechanism to be formalized in public policy design, through consistent integration of capacity development in South/South practice.

Returning to the sectoral focus of this evaluation, the key issues and events in the health sector were the change of President and of the Minister of Health in 2008. Following these changes dialogue with development partners resumed. A new National Strategic Plan for HIV/AIDS and Sexually Transmitted Illnesses (STIs) was developed and South African National AIDS Council (SANAC) established. An Aid-Effectiveness Framework for Health has been drafted, and released in January 2011.⁴² Governance structures for HIV/AIDS policy implementation via SANAC and the setting up of Provincial and District Aids Councils has also occurred.

In the Environment, Energy and Climate Change sector, South Africa's signature as a Non Annex 1 Country signatory to the Kyoto Protocol and the United Nations Framework Convention on Climate Change (UNFCCC) has been significant. While playing an influential role as a representative of developing countries in the international negotiations, it is the world's 19 largest emitter of green house gases (GHG's) and the largest on the continent, and along with China, the world's most carbon intensive economy.⁴³ Serious countrywide power shortages occurred in 2008, impinging on overall growth and restricting the country's ability to fully serve its developmental mandate. This prompted a thorough review of existing energy policies, pricing and modes of generation and distribution for energy overall with three major effects. Firstly, price and supply uncertainty prompted a private sector response of generating its own capacities, to 'disconnect' itself from full reliance on the national grid largely through cogeneration projects and other innovation, while, secondly the political and economic space for a shift towards a more 'green economy' has opened, with more potential involvement of the private sector in supplying renewable sources of energy. The third effect has been the opening of the space for consolidation and redirection of development partner support into the interrelated Environment, Energy, Water and Climate Change sectors, both nationally and regionally, and more in terms of support for an 'international public good'. This interrelated arena is complicated by separate, recently created ministries with new and separate policymaking processes which do not necessarily sufficiently relate to each other or are fully integrated nationally with the New Growth Plan. The role of multilaterals in relation to implementation, alignment and harmonisation also complicates the situation.

1e. Place of aid subject to PD in SA's development finance resources and the trends in SA, how concentrated is the donor community?

i) Number/volume of Global Programs, donors? Who are perceived as the five most important donors? Why?

In the Health sector, especially with respect to support to HIV/ AIDS, development partners are relatively well coordinated. The South African Treasury estimates the total external funding for HIV/AIDS to be R5-6 billion (or about US\$ 720 mill) per annum.

Important contributors in recent years have been the Global Fund for HIV/AIDS, TB and Malaria (GFATM) and United States President's Emergency Plan for HIV/AIDS Relief (PEPFAR). The former fund has awarded the national Department of Health over US\$ 302 mill over the five years to date, while the latter fund's support is rising substantially from US\$ 106 mill in 2005 to US\$ 591 mill in 2008. Most PEPFAR funding is currently allocated to NGO's but government wishes to see more allocated to the DoH. The US government announced supplementary funding of US\$ 210 mill for AIDS treatment during 2009-10. Annually, ODA

⁴² See Annex Five: Section One: 1.g. For an Executive Summary, and participating development partners, boxed.

⁴³ See Long Term Mitigation Strategy Report: Downloaded at www.erc.uct.ac.za/e. In S. Raubenheimer. Facing Climate Change. Building South Africa's Strategy. Idasa. 2011.

support to Health and HIV/AIDS is in the region of US\$ 700 mill, via a wide range of modalities and through a variety of agencies.⁴⁴ In general, the proportion of ODA into the overall Health budget is said to comprise around 3% (EC estimate).

Current EC funding is around Euro 980 mill for support in all sectors within the seven year time frame 2007-2013. This includes Euro 126 million for Sector Budget Support to a new four year primary health care programme. However, the latest EC Green Paper proposes a reduction in budget support and starting in 2011 the focus will apparently be on poverty, employment and skills. Within the EU Member States the most predominant funders to the health sector by value are Germany, the United Kingdom, Italy, Denmark, the Netherlands and Ireland.⁴⁵ Japan's bilateral aid was US \$5.5 mill in 2009, while the UNAIDS country office allocates US\$1.5 mill per annum. All UN agencies together allocated US\$ 59 mill in 2010. The Clinton Health Access programme allocated US\$ 6 mill within a five year agreement to September 2011. Canada's bilateral aid in health is about CAD\$ 3.7 mill per annum, with a 40-60 split between support to government and to NGOs.

Trends in ODA support to the interrelated Environment, Water, Energy and Climate Change sectors can be broadly characterised as follows.

Between 2006-7 and 2009-10 support to the DEA increased from R27.8 mill to R263.3 mill. Over the same period, support to the Department of Water Affairs increased from R206.7 mill. to R1.8 billion, and for the then Department of Minerals and Energy, from R2.4 mill to R59.4 million.⁴⁶

Total support for ongoing and planned Climate Change investments, both grants (about R3.5 billion) and loans (about R10 billion) is in the region of R13-14 billion. The ten largest grant funders ranked by value are Germany, the Global Environment facility (GEF), the Gates/Buffer Foundations, Switzerland, DfID, the AFD (French Development bank), Denmark, Norway, the Development Bank of Southern Africa, Finland and the United Nations Environment Programme (UNEP). The greater amount of loan finance is provided by the World Bank's Clean Technology Fund, the AFD, Germany via the KfW, and the European Investment Bank (these figures and rankings do not include the local R5 billion commitment made in the New Growth Plan for 'green economy investments'). The Development Bank of Southern Africa is included since its loan portfolio on lends from external sources. Overall, development partner financing is relatively well spread across different sectors and targets.⁴⁷ Global multilateral programmes include the Clean Technology Fund and the Global Environment Facility.

Other sources of development finance?

Nationally, the Industrial Development Corporation (IDC) and the Development Bank of Southern Africa (DBSA) source and provide development finance locally, in the region and on the continent.

Much of the IDC role, recently restructured in line with the New Growth Path, is developmental investment financing in conventional, largely mining and manufacturing sub-sectors, and in promoting the growth of a green economy. It does however have a Special Agency Development Support Unit, with an average annual expenditure of R30 mill, tasked with advancing and leveraging the development and job creation potential inherent in geographic areas falling outside the industrialised centres, via the establishment of development agencies in both conventional sub sectors and in the social sectors.⁴⁸ 'Development partner' funding is provided to establish a development agency, to conduct

⁴⁴ Drawn from: The Long Run Costs and Financing of HIV/AIDS in South Africa. Prepared for the South African Steering Committee. Centre for Economic Governance and AIDS in Africa, and, The Results for Development Institute June 2010. European Union Datasheets provided to researchers and other data provided in interviews.

⁴⁵ Green Paper from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of Regions: The Future of EU Budget Support to Third Countries. Brussels.19/10/2010.

⁴⁶ From: Estimates of National Expenditure.

⁴⁷ From: International Development Cooperation Directorate and EU spreadsheets; 'Who's doing what in Climate Change .FAO. September. 2009.

⁴⁸ Its full mandate, operations and partnerships are summarised in Annex Five. Section Two:1b)ii.

feasibility studies and to assist with the implementation of projects. It partners with other regional Development Finance Institutions such as the Banque de Development du Mali, the National Development Corporation of Lesotho and the Namibian Development Bank, and has established relationships and shares information with international Development Finance Institutions such as Brazil's Banco Nacional de Desenvolvimento Econômico e Social and the China Development Bank.

In contrast, the DBSA has a wider mandate, its main objectives being the promotion of economic development and growth, human resource development, institutional capacity building and the support of development projects in the region. Its ancillary objectives are to assist other international, national, regional and provincial initiatives in order to achieve an integrated finance system for development, and to assist national, international and private sector bodies with the management of specific funds aimed at the acceleration of sustainable socio economic development. Significant partnerships are in place with the European Investment Bank, the Global Environment Facility and other bilateral development partners.

Total annual funding committed nationally over 2009-2010 was R8.25 billion (2008-9 R9.3 bill) and in the region R 4.9 billion (2208-9 R3.9 bill). Commitments by sector and sub-sector and country are contained in Annex 5.⁴⁹

Data on development finance and ODA from non traditional partners is not collated by the Department of International Relations and Cooperation.⁵⁰ Available sources indicate there is little aid from China, and as yet no 'non aid' loans. When diplomatic ties were established in 1997 there was a commitment of a US\$ 25 million aid package for projects, to be decided later. Over 2001-2006 there was a commitment of about US\$10 million for 400 units of low cost housing, plus roads and sewage. In 2006 there was a grant commitment of about US \$2.5million for education and training and a US\$100,000 grant to the University of Pretoria to support teaching and research in 2007. It's possible that all of these projects are still drawing down on the initial commitment of US\$ 25million.⁵¹

1f. The influence of PD and AA commitments on major decisions on aid

i) Who makes the key decisions on aid in SA?

Key decisions are mainly taken by the sector departments, together with coordination from the IDC in the National Treasury. The IDC coordinates and guides overall strategies via its negotiation of bilateral and multilateral ODA, promotes the organisation of the Aid Effectiveness Action Plan, monitors aid effectiveness norms, reviews implementation overall, and is sometimes called on for issues which require dispute resolution. It also reports to the Deputy Minister and Minister in Treasury, and co-undertakes ODA related assignments such as assessing the frameworks and flows for development finance. It does not 'replace' the departments work in implementing ODA programmes, nor does it go into their day to day operations. (See Box Nine below).

Others involved are the Development Bank of Southern Africa (DBSA), some State Owned Enterprises (SOE's), such as the Industrial Development Corporation (IDC) and ESKOM, the national electricity utility, as well as the provincial and metropolitan governments. Oversight for ODA investments in the provinces, metros, district and local government is a responsibility of national ministries. The following box establishes the ideal framework for decision making.

⁴⁹ See Annex Five. Section Two: 1b)ii.

⁵⁰ Requests to DIRCO for 'inbound' ODA data from non traditional development partners were not honoured at completion of this report.

⁵¹ Personal communication: D Brautigam. International Development Programme, School of International Service. American University, Washington. January 2010. See The Dragon's Gift: The Real Story of China in Africa Blog: <http://chinaafricarealistory.com/>

Box Nine: Framework for ODA decision making in South Africa.⁵²

The IDC coordinates all aid flows into the country, albeit to central, provincial or local government. As provincial and local governments are autonomous, in the context of a decentralised model of decision-making and since there is not a statutory body that centralises aid allocation decisions, all spheres and departments are in principle free to approach development partners for funding. However (i) the ODA guidelines stress the importance of coordination and the negative impact of a 'free for all'. It therefore establishes a system where all requests for funding need to flow through the IDC (programme or project proposals) and all development partners need to approach work in South Africa also through the IDC and (ii) provinces and local authorities may not sign international agreements (only national Ministers are authorised to sign). The President signs all aid agreements.

Aid coordinators operate at national and provincial level in departments, often having other responsibilities besides ODA. Provinces have central ODA coordinators (sometimes units) that direct and monitor aid flows to the province.

Two forums exist: the Development Counsellors Forum (membership development partners and IDC) and the Development Coordinators Forum (ODA coordinators at national and provincial and the IDC). In addition, the IDC unit meets annually with each development partner and its recipient institutions to review the effectiveness of their aid programme.

The arrangements through which each programme is managed, is determined in the financing agreement. Mechanisms such as steering committees, dedicated units for implementation are set up, but not in all cases. The financing agreement also determines the disbursement channel for the ODA flow. (see box below on disbursement channels).

The main legal instruments governing aid are the Public Finance Management Act, the treasury regulations and the RDP Fund Amendment Act.

The RDP Fund is the responsibility of the Office of the Accountant General in the National Treasury. Procedures around it are managed by the IDC. The fund receives disbursements from development partners and makes disbursements to departments, once the necessary paperwork (a duly signed requisition form and copies of the financing agreement) is in place. For provincial departments and municipalities it disburses to provincial treasuries, which pass the funds on to the recipient institution. In some cases it disburses directly to municipalities.

ii) Among development partners?

Major decisions are made by development partner headquarters or comparable departments in home countries. Nationally, their appointed staff make judgements on how to refine and apply these policy commitments and principles, and to determine the nature of engagement, and the type, extent and depth of support. The major player in decision making among traditional development partners is the European Commission. Other major actors are USAID, Germany, GTZ, the KfW, Danida, DFID, the Nordic countries individually and collectively, the Bill and Melinda Gates Foundation, the Clinton Initiative and among the multilaterals it is the Global Environment Facility and the Clean Technology Fund. As far as the non traditional development partners are concerned it is organisations like the NEPAD, the SADC Secretariat, and the African Union, as well as the newly established 'Asian' forums which 'filter' ODA priorities, funding and partners. Usually, but not necessarily, this is in line with the principles of the PD and the Accra Agenda for Action. China, Korea, Japan, India and Brazil are the main actors among non traditional partners.

iii) The influence of PD and AA commitments on decision makers, in relation to their other priorities and incentives?

What is the influence? How does this influence work, or not?

At a national level, the IDC have used the PD principles, especially Country Ownership and Alignment and Harmonisation, as the main instrument for managing development partners following their Policy Framework and Operational Guidelines for the Management of ODA and their Action Plans for Aid Effectiveness. However, they have not established a formal charter, agreement or mechanism such as the Windhoek Declaration or the Jakarta Commitment for the implementing the PD because of the size of ODA relative to the overall budget. IDC consider that they are getting the required cooperation for the implementation of the PD from between five and seven development partners overall (covered in section above), in addition to the European Commission. In the sector Ministries, the attention given to the PD varies across Departments. In general it is far less, due to a history of reliance on three to four bilateral development partners in providing 'unjoined' and 'incremental' strands of support,

⁵² The Policy Framework and Operational Guidelines for the Management of Official Development Assistance. 2010. IDC, National Treasury. South Africa.

and due to their ability to choose from the suite of proposed ODA investments according to what suits them best and their immediate priorities and needs. This may reflect the turbulence in recent policy making, and may well change as programmes will need to 'consolidate' in relation to these changes. Choices are also determined by the available capacity to manage, or to provide oversight on the implementation of ODA programmes in the provinces and metropolitan areas. Provincially, the PD is generally not well recognised or understood. However in places it is beginning to become a stronger tool for the organisation of support as demands and responsibilities in the respective sectors escalate. In the metropolitan areas, there is little evidence that the PD has any influence. In these areas support tends to be 'unjoined' and 'incremental'.⁵³

The Accra Agenda for Action has had a very strong influence at continental, regional, sub-regional and national levels, promoting vibrant dialogue and a sequence of activities which are supporting an array of new partnerships trilaterally and in South-South cooperation, including high level continental forums as described above. The AAA works through stimulating established and new organisations and development partners, who seize the mandate to widen, deepen and change their foci, orientations and mandates in light of the proliferation of development challenges. Programmatically, it supports the principles already established in the NEPAD.

v) Who takes direct responsibility for PD implementation within SA national government?

What are the key points in budget and spending estimates cycles, main aid consultations and pledging sessions, joint performance reviews, if applicable.

The main aid pledging cycle begins in country to country 'bi-laterals' where development cooperation is one of a number of forms of cooperation discussed (along with for example political and economic cooperation). Following this two forums exist; the Development Counsellors Forum (development partners and IDC) and the Development Coordinators Forum (ODA coordinators from the national and provincial spheres of Government). In addition, the IDC meets annually with each development partner and its recipient institutions to review the effectiveness of their aid programme.

The management arrangement for each aid programme is described in the appropriate financing agreement. Mechanisms such as steering committees, and dedicated units for implementation are set up, but not in all cases. The financing agreement also determines the disbursement channel for the ODA funds.

National sector departments, provincial and local government take the responsibility for the implementation of ODA programmes. ODA coordinators operate at national and provincial level, but often do not have ODA as their primary responsibility. In addition Provinces should have central ODA coordinators (sometimes units) that direct and monitor aid flows, and aid programmes and projects to the provincial sector departments. Oversight for provincial and local level programmes comes from the national line department. Sometimes parallel implementation units have been set up, but this is discouraged due to the problems of integrating these projects into the core activities of government (these projects can become like pilots projects) and the incorporation of parallel implementation unit staff into line function activities. The Health Systems case study in the Development Outcomes section of this evaluation gives a more detailed perspective on this issue.

⁵³ See for example: Climate Change; Who's Doing What in South Africa. FAO. September 2009.

1g. The extent and location of implementation of the PD principles

i) Which of the 5 principles of the Declaration have been most prominent in discussion and implementation? Why?

Section 1 Gi) in Annex Five establishes South Africa's progress against the 12 PD 2007 Baseline Indicators, over the period to 2010.⁵⁴ An OECD DAC Monitoring Survey is currently in progress and will confirm these indicative findings more accurately.

While principles of Country Ownership are well established, significant progress was assessed by the IDC to have occurred in Alignment - Indicator 2b) using local procurement systems, 3) integrating aid flows (into sector programming) in 6) reductions in project implementation units (with some exemptions), in 7) aid predictability, as well as some progress in harmonisation vis 9) use of common arrangements, as well as in managing for results. A 'sticking point' is in 5a) the use of country financial management systems-where the analysis suggests despite some promising pilots, HQ policies preclude greater alignment. The IDC view is that it is in alignment to systems, rather than to priorities that there is 'a huge problem'.⁵⁵

Country Ownership is the most discussed. It certainly is the prime starting point in all negotiations, and within the Ministries and particularly in DIRCO. The obvious reason is that this principle has been adopted in the third stage in the history of post independence ODA to South Africa (see Section 1.1). South Africa is also promoting country ownership strongly on the continent and in non traditional new forums, due to many negative experiences of development partners 'pushing' their own forms of 'cooperation' and the perceived inequality in this relationship, in both programme design and in implementation.

Country ownership is also high on the development partners agenda, due to some perceptions that the form, type and content of policy and programmes in South Africa can be 'out of sync' with their 'own ideas' about what country priorities ought to be, and what will work or not work, as well as how these are adopted. This is particularly so in the current growing suite of new policies and programmes addressing the global programmes and increasing global commitments South Africa is making in most sectors.⁵⁶

ii) Which of the 5 principles have been least prominent in discussion and implementation? Why?

Mutual accountability is the least prominent. While the IDC have established annual forums to assess progress with programme implementation and performance, there is dissatisfaction there with the performance of some development partners. From their side, development partners support is integrated into Estimates of National Expenditure, there are unqualified Audits and reporting to parliament. One sticking point, mentioned by the IDC, was that, due to the 2008 financial/economic crises and other unforeseen circumstances, the budget of some DP's are tightening, contributing to unpredictability in their operations and thus in results and reporting to the annual forum.⁵⁷ The 2010 Development Cooperation Review 3, refers;

'Regarding mutual accountability the period saw the institutionalisation of mechanisms at the central level for joint review of programmes and projects between development partners and the South African government. These aggregate level efforts however were weakened in their effect by inconsistent replication at institutional level. Poor information flows, the lack of incentives for better information flows and poor local demand for accountability contributed to this. However, strong examples of mutual accountability at institutional level could be

⁵⁴ These were obtained from the responsible IDC officials and confirmed with relevant development partners and are a 'plausible contribution' pending the full results of the abovementioned Monitoring Survey.

⁵⁵ From IDC comments to the evaluation team on the Draft Final Report.

⁵⁶ The IRG comment on the Draft Final Report was for more explanation of these 'tensions'. These are covered in Section 2.2.2a) under issues in Alignment.

⁵⁷ Discussions and communication with IDC officials. February, 2011

found. The study also found that development partners ODA management practices did not support strong local accountability or mutual accountability.⁵⁸

This having been noted, a number of development partners have mentioned that ODA programmes tend to be most successful when there is good alignment between the objectives of government and the development partner and when there is joint responsibility, ownership and mutual accountability for development results. It seems that this is likely to be an increasingly important consideration for future bilateral aid to South Africa.

2.2. Evaluation Question 2. "To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?" (Process and intermediate outcomes)

2a. Country Ownership

South Africa does not have a development partner led Poverty Reduction Strategy as it is uncomfortable with having development partners determine its development policies and trajectories. It has since the late 1990's taken responsibility for the management and coordination of ODA, and has learned many lessons on how to address and utilise partners' development contributions and priorities more effectively. It increasingly aligns ODA support to continually evolving and well developed country (see 2.1.1a.i. Box Two), and sector development priorities and planning. See for example the well developed Strategic Plan for the Environmental Sector 2009-2014, contents boxed in Annex Five, and all policies, agreements and conventions on www.environment.gov.za.

There is relatively strong country ownership of the PD 'principles' per se, evidenced in the restructuring of the International Development Cooperation Unit to better organise ODA around national and sector and cluster priorities, in operationalising the 'Policy and Operational Guidelines and Framework for the Management of ODA', developed before the PD (but enhanced according to PD principles), and in the unfolding organisation of the AID Effectiveness Action Plan. These have provided South Africa with a tool that has the necessary political clout at international level to ensure that players within the development arena partnered with the government of South Africa in a manner that ensured that partners generally support the developmental agenda of the government.⁵⁹ Over the period under review the IDC has also increasingly become involved in the development of development partner country strategy documents, including the UN, the EU and the Nordic countries,⁶⁰ showing a strong measure of ownership at the macro-level.

A key determinant of ownership is the capacity of the aid receiving department. The case study in Question Three shows that there are few ODA coordinators at provincial level, that they do not necessarily understand national development frameworks, and may find it difficult to articulate national, provincial and local priorities, thereby weakening processes to align ODA support. Where ODA units are well established and ODA coordinators have the prerequisite competencies, capabilities and confidence to engage with their development partner counterparts in terms of project cycle management, there is strong ownership and alignment. When senior leadership in departments sees ODA as important, develops a clear vision on how ODA should be used and becomes involved in programme design and oversight, the department owns and drives ODA programmes. In contrast some departments do not see ODA as important and therefore it does not receive sufficient attention. Institutional restructuring and high staff turnover in the recipient organisation can undermine ownership. Even if the institution was involved significantly in the initial programming of the

⁵⁸ Davies, T., Fölscher, A. and Smith, M. Development Cooperation Review III Final Report. P.8. July 2010.

⁵⁹ Interview. Senior Policy Analyst: International Environmental Governance. Dept. of Environment. Pretoria. December 2010.

⁶⁰ Interview. Chief Director. International Development Cooperation Directorate. November 2010.

ODA, the departure of key personnel or a shift in institutional structures inevitably undermines continued ownership.⁶¹

Direction, Pace and Distance of Travel. Nationally strongly positive, no backsliding, and in fact stronger performance here than evidenced by the Emerging Findings reports from other countries. Sectorally and provincially, performance is 'moderate to significant'.

i) Stronger SA strategies and frameworks?

The foregoing subsection, and elsewhere in this report, have shown how the IDC have, from a strong base, strengthened and enhanced their strategies for management of ODA according to PD principles since the Phase One Evaluation. While there has been strong development partner support into the development of sector policies – both historically and at present - such as in Energy and Water policy development and in the recent National Climate Change Response Strategy, it is difficult to attribute these to the PD principles beyond country ownership, as this was generally done on a 'bilateral' basis. One good case where the PD principles have been useful in establishing 'frameworks' (taking a general meaning of the word here, and in recognition that this case study cuts across other sub questions in Question Two) – was in the development of the 'Masibambane' sector budget support programme to the water sector.

Box Ten: Sector Budget Support to the Water Sector in South Africa⁶²

The Masibambane programme was a sector budget support programme, mainly funded by the European Commission, to the water sector in South Africa. It was implemented through the national Department of Water Affairs, in three phases, each of three years, from 2001 to 2010. The scope of the programme expanded significantly as the three phases continued in terms of geographical extent, involvement of different government departments and the involvement of development partners. This expansion increased dramatically after the Paris Declaration with the involvement of more parts of government, more development partners and the introduction of common planning, budgeting, reporting and evaluation of what became a true sector wide programme. The key to the success of the programme was a true partnership between all stakeholders – this was built on the active participation, commitment and consistency of key individuals especially in the Department of Water Affairs and the main developing partner funder the European Commission. This partnership led to greater flexibility in the application of all funds and especially the developing partner funds to achieve innovative solutions to the significant delivery challenges in the sector. Co-ordination of the programme occurred at many levels both within government, within the development partners and between all stakeholders including civil society and the private sector. Post the Paris Declaration an internal committee was established with the Department of Water Affairs to co-ordinate development partner funding. This was chaired by the Chief Financial Officer and attended by all of those involved in the development partner programmes. The committee shared information on the development partner programmes and also received reports from IDC on ODA management. Development partners established a similar committee to share information. Each of these meetings tended to focus on a particular topic; government partners were often involved in these meetings. Often the meetings identified new priorities that were subsequently built into the programme. Co-ordination between the government and the development partners occurred through an annual meeting with the Minister of Water Affairs, bi-annual strategy meetings chaired by the DG of Department of Water Affairs and quarterly progress reporting meetings. There was also co-ordination at provincial level annual water summits and quarterly report back meetings. These meetings led to the co-ordination of all activities in the sector; however funds flowed through a variety of government departments.

Direction, Pace, Distance of Travel. Positive movement since 2006, but it is difficult to attribute the various strands of development partner support regarding 'strategies' to the PD. In terms of the 'frameworks' evidenced above there is very positive movement.

ii) Increased aid alignment with SA' s priorities, systems, procedures, and strengthened capacities?

The distinction between the alignment of priorities and alignment of systems is important. Elements of the harmonisation principle also apply here. Within the former, the IDC believe they have gone a long way in getting all development partners to align with government priorities at a 'high outcome or macro level' but when it comes to the 'micro-level' and the

⁶¹ Drawn from Davies, T., Fölscher, A. and Smith, M. Development Cooperation Review III Final Report. July 2010.

⁶² Case study developed by the consultant team for this evaluation.

government's sectoral outputs, there has been 'barely any alignment'.⁶³ Most development partners, including the multilaterals such as the Global Environment Facility, try to align with the macro priorities as these unfold and are updated via new policy processes. Many describe both successes as well as limited gains. Sometimes there are differences between partners in what these priorities are- or should be- and in the instruments or modalities used to address them. For the multilaterals and global funds, an inherent tension is reported to exist in that while the programmes concerned espouse commitment to supporting national objectives, there is a parallel expectation that programme and project objectives align to global objectives.⁶⁴

Box Eleven: Some Macro Level Issues in Aiming to Achieve Alignment⁶⁵

An example of differences between partners is in the interrelated Environment, Energy, Water and Climate Change arena. Many partners views are that Climate Change is the key cross cutting and developmental area- based on the United Nations Framework Convention on Climate Change's seven priority areas for mitigation and adaptation, and a 'global public good' where support and investment should thus be concentrated, harmonised and aligned within a single coordinated framework and ministry. For example, the United Kingdom has established a Ministry of Environment and Climate Change, and its importance as developmental issue for ODA is recognised by Government of Norway which has a Ministry of Aid and Climate Change.

This understanding has not yet been fully embraced here by national authorities where climate change is still seen as being part of the environment portfolio. Here there is one view that, despite the need for significant resources within developing countries, the development partners have brought a 'myopic' focus on the climate change/green economy focal areas to the relative 'neglect' of other areas within the broader environmental sector. Secondly, some climate funds that have been proposed have been offered in the form of loans that have an inadvertent 'return on investment' expectation that is linked to them that adds a complexity when trying to achieve development results.

These differences have an impact on discussions between development partners and South Africa authorities since there clearly is not a common platform for discussion. Part of the reason for the national interpretation comes from the difficulty of cross sectoral co-ordination within government on the related sectoral issues such as exist in climate change and is not unique to this country. Development partner alignment (as well as harmonisation) on climate change related issues has to date been largely ineffective due to World Bank personnel transferring, after running a forum for both information sharing and alignment of investments for two years. Nevertheless, this gap has been taken up recently with quarterly meetings of EU Member States within an EU + framework, to be adapted into a formal Working Group, which has met with the Dept. of Environment's Chief International Negotiator on Climate Change. The alignment and harmonisation message to this group from the International Development Cooperation Directorate is 'to wait a few months until our related policy making and coordination of arrangements within and across the relevant departments and plethora of implementing agencies in planning –is ready to receive your support.'

Over the period towards normalization of ODA relations in the Health sector since 2008, aspects of relationships between development partners and government have been described as 'liaison' or 'simple coordination or information sharing', with insufficient alignment and harmonisation of support within the PD principles. In particular, the planned matching of partner support and their related investments to their specific strengths and to specific sector challenges was held sometimes to be missing.

Some interviewees in Health made a case that the PD was not (yet) being formally implemented in South Africa, and there was something of a 'PD implementation vacuum'. CIDA for example remarked that SA was many years behind compared with countries like Afghanistan in terms of coordination according to PD principles (weekly meetings of all development partners in the relevant national agency), and UNAIDS noted S.A. compares unfavourably with neighbouring states (Zambia, Mozambique and Tanzania) in respect of its implementation, which has not followed an order of progression that is generally recognised by other countries. 'SA is talking a lot about PD but is not formally implementing it – a badly needed case of more talk than action'.⁶⁶

The Department of Health maintain that development partners have in the past tended to 'cherry pick' their own priorities (such as HIV/AIDS). Not all development partners were held

⁶³ IDC comment in team report back. January 2011. Part explanation may be that some partners are moving away from established focal areas, previously aligned, into new modes of development cooperation. When partners do not agree with sector focal areas, they may shift into other areas of support.

⁶⁴ Interview. Senior Policy Analyst: International Environmental Governance. Dept. of Environment. Pretoria. December 2010.

⁶⁵ Developed by the team from discussions and interviews with Development Partners and the Dept. of Environment. November and December 2010.

⁶⁶ Drawn from Interviews: UNAIDS, Global Environment Facility, CIDA, KfW, Right to Care. Pretoria. November and December 2010.

to align well, apparently not wanting to respond to changing government priorities in the new National Service Delivery Agreement (NSDA), preferring the old and now redundant 'Action Steps'.⁶⁷

In the view of the study team, these issues have been attributable to the fact that South Africa did not choose the Poverty Reduction Strategy Process, and to the different, more supplementary role that ODA plays in terms of its volume and proportional value in relation to GDP, to the extent of 'own resources' available to a strong middle income country, as well as to its strong adherence to country ownership principles.

Nevertheless there have been some very positive movements recently towards alignment. The EU has worked on aligning support to the NSDA, and this led to the agreement on Primary Health Care as a funding priority, covered in a new EU sector budget support programme (Euro 126 mill over 4 years), duly aligned to the NSDA Delivery Agreement. This is the first development partners to partner country agreement that contains an agreement on a joint review process. This should enhance mutual accountability. Sector budget support is generally acknowledged as an instrument for alignment, but this modality is however under review in the European Commission. (See Box Twelve below). The President's Emergency Fund for HIV/AIDS Relief is now aligning with government delivery systems and is putting some funds into the Treasury's RDP account. DFID has placed a Health Adviser in the Minister's Office, but without the funding flowing through country systems. Box Ten, above shows some of the benefits of a wider sector budget support programme in the water sector.

The release this year of the aforementioned "Aid-Effectiveness Framework for Health" represents a significant achievement in alignment and of course the other PD principles, in government commitment and ownership, as well as multi-partner cooperation in its formulation and in future partnerships in implementation. (See Appendix Five: Section One.ig). (Interestingly some partners liken this to a first step towards a Sector Assistance Strategy, usually seen as a critical link in a chain of steps from the World Bank and IMF related Poverty Reduction Strategy Processes to Joint Country Assistance Strategies to Joint Sector Assistance Strategies).

UNAIDS will work through this framework, and note that hitherto there was 'only' a centralized view of ODA, but now, for example, in some provinces it will show who are the development partners and 'where they are putting their money.' They note it will address the lack of transparency that has existed with development partners matching their own ODA with government resources in independent bilateral agreements.

With regard to the alignment of systems, the IDC report significant further improvements realised against PD Indicator 3 (while targets were already achieved in Phase One), with more alignment to sector programming, and more sector budget support. However, as reported elsewhere, PD Indicator 5a) use of country public financial management systems, this has remained static with almost no movement, and remains a real sticking point in alignment overall.

Nevertheless more development partners are starting to use sector budget support and thus use country systems. The proportion of Sector Budget Support of the total ODA to SA is estimated by the IDC at between 20-25%. The key development partner that commits SBS is the EU. The main beneficiaries of the SBS are the Water, Health, Education, employment creation (through the Department of Trade and Industry as Secretariat), Justice, the Parliament and Science and Technology sectors. Good examples of other partners who align with S.A Systems are Canada, the Netherlands, and UNICEF.⁶⁸

⁶⁷ The Aid Effectiveness Framework for Health in South Africa: Working together to implement the Negotiated Service Delivery Agreement and to attain the Millennium Development Goals. Department of Health. January 2011

⁶⁸ Sourced from senior officials in the IDC, February 2011.

One in-country view is that there should not be any 'forcing' to use a particular modality; the modality should be selected as relevant to the intervention needed.

In the Environment sector, there are tensions in ownership and alignment over the institutional arrangements for the implementation of large programmes of the Global Environment Facility, and in the funding flows and systems therefore (funding of over US\$ 50 mill). Currently one programme is housed on an agency basis within the World Bank offices, using external professionals, with the accrual of a 10% Agency Fee. Sector leadership view this as unacceptable financially and institutionally, and are negotiating with the GEF to take over the programme and house it in an appropriate national institution (either within the South African National Parks, or the South African National Botanical Institute).⁶⁹

In the Department of Environment Affairs it was reported that the major development partners (Germany, Denmark, Sweden, Norway and the United Kingdom) have, as a result of the rigorous and astute leadership and management of the ministry, been provided with the necessary guidance enabling them to align their objectives to those of the government. There was also reportedly good alignment by the partners with national systems and procedures, where the partners were willing to use country systems. This can be argued to be directly attributable to the influence of the Paris Declaration.⁷⁰

Box Twelve: Sector Budget Support – the Modality for Implementing the Paris Declaration in South Africa⁷¹

There is no 'stand alone', jointly agreed strategy in South Africa for implementing the Paris Declaration as there is with the SADC countries Windhoek Declaration, and Indonesia's Jakarta Commitment for example. In the absence of such a strategy the main development partner in South Africa, the European Commission, is using sector budget support as the main modality to implement the Paris Declaration. This is clearly illustrated by the fact that in the years since 2007 the EC have committed more than 90% of their annual funds to SBS in the following sectors – water, employment, education and health. The Commissions future plans are to have budget support programmes to support five of the 12 government outcomes. When asked how they are implementing the Paris Declaration most development partners indicate they are using budget support and South African systems.

The question must be posed as to whether the use of budget support, which the government prefers and believes reinforces the use of country systems, is really implementing the Paris Declaration. It is widely acknowledged that there is limited capacity in South Africa to plan, implement and report; this has a major impact on such programmes. This may lead to the conclusion that sector budget support may not lead to better development results, the main objective of the Paris Declaration. It enhances a view gathered in interviews that that the focus of implementation is concentrated on 'processes', rather than development results. The European Commission is now sufficiently concerned about the limited capacity to implement such programmes that they feel these must include complementary measures for recruiting technical assistance using Commission procedures to support implementation. DfID is also questioning value for money on budget support programmes. This is highly significant since following the election of the new coalition government in the United Kingdom, there will in the future be a much greater emphasis on value for money in connection with aid. It seems unlikely that DfID will use the budget support modality in the future. The EC has recently acknowledged the challenges associated with budget support.

"Budget support has been seen as a solution to the question of how to make more effective use of aid, but it is not without challenges of its own. This paper has aimed to raise questions about which countries should receive budget support, how much they should receive, and how best to design and manage budget support programmes. These are issues that need to be analysed, together with work on an agreed set of objectives and principles, in order for budget support to better contribute to the realisation of the Millennium Development Goals and sustained growth and poverty reduction in developing partner countries, and the promotion of closer economic integration and political association elsewhere. Building on the results of this and other work, the Commission will work to improve the approach to the design and implementation of budget support, with a view to more coordinated approaches within the EU."

Direction, Pace and Distance of Travel: There is some positive movement, but the pace and distance travelled varies considerably by development partner.

⁶⁹ Interview. Chief Director. Dept of Environment. December 2010.

⁷⁰ Interview. Senior Policy Analyst: International Environmental Governance. Dept. of Environment. Pretoria. December 2010.

⁷¹ Developed by the Consultant Team from Discussions and the EC Green paper.

iii) Defined measures and standards of performance and accountability of partner country SA has measures and standards for: PFM, procurement, fiduciary, and environmental assessments that are widely applied?

South Africa has a Public Finance Management Act (PFMA) which is recognised as being consistent with international best practice, a strong fiduciary climate and is in the process of changing legislation regarding procurement, possibly adopting the more centralised Canadian model. Environmental assessment procedures are globally recognised as of the highest standards and complexity. The country has been assessed by a number of mechanisms, including independent reviews of its public transparency in national budgeting,⁷² and by development partners on its country systems, and by the United Nations and the International Monetary Fund, with all assessments being strongly positive. It has also recently developed the aforementioned National Service Delivery Agreements –with measurable service delivery priorities established within a ten point plan. These agreements are devolved and developed sectorally.

There are however some sceptical views among development partners regarding just how rigorously these various instruments are applied and enforced.

Sectorally, the Department of Health maintain that while these systems are good, there has been no monitoring of whether these measures and standards (including M+E) are suitably applied, due to lack of hands on capacity and resources. They note how the EU will in future review the same results in a parallel review process and make the necessary adjustments that these may indicate. There is however, no national coordinator for reporting in the department at present. ODA surveillance was said not to exist at district level (borne out by the case study).

UNAIDS believe that the NSDA sets the bar in terms of defined measures and standards of performance and accountability in a partner country. There is now a Performance Agreement based on the implementation of the NSDA– signed by the Minister and 7 Members for Executive Councils. The EU signatories to the NSDA are however very concerned about financial management at provincial level.

The NSDA is founded within the national system of performance accountability developed in support of the 12 key national development objectives derived from the Medium Term Expenditure Framework.⁷³ (See also Section One. Box Two).

Direction, Pace and Distance of travel: The directions in all of these are well established and highly positive.

2b. Building more inclusive and effective partnerships for development

iv) Less duplication and more rationalized, cost-effective donor activities in SA?

The achievement of effective partnerships within the associated principle of harmonization and Accra's prescriptions can prove difficult. One government view was that it is not really working well, since many development partners' headquarters decide and change priority areas for focus, and locally, compete amongst themselves for 'visibility'. The 'extent to which development partners are willing to harmonise among themselves will depend on the extent that they share development objectives not overshadowed by other commercial or political objectives incompatible with development needs'.⁷⁴ Beyond the instruments of sector budget support, interviews with senior IDC officials and with development partners indicate that the spirit of cooperation between partners can sometimes be 'luke warm', with development partners competing for a slice of the ODA action in Health and in support to the Global Fund, or alternatively, competing for the adoption of their specific 'niche' experiences, skills sets and national technologies. A direct response from one country representative was that his/her country values its relationship with South Africa and wants to maintain bi-lateral aid 'for its own trade and investment reasons'. As noted in Sec. 1d), competition for 'equitable

⁷² See: <http://www.internationalbudget.org/what-we-do/open-budget-survey>

⁷³ 'Measurable Performance and Accountable Delivery: Developing the MTSF into Outcomes with Measurable Outputs and Optimal Activities. Monitoring and Evaluation Section. Office of the Presidency.2010

⁷⁴ From Annex Two. Evaluation of the Paris Declaration Phase 2. Approach Paper. May 2009.

development space' can become intense – with 'overlaps' and 'blurring' of interrelated interests. The same issues have been described as pertaining in the intersection of issues in the Environment, Energy and Climate Change sectors.

When harmonisation has worked to date it has been a decision between two or more development partners to combine support, not necessarily on the request of government. One development partner put it thus: while many development partners are moving towards more programme based funding, with specific development partners in specific fields, this may cause more duplication. However, if several development partners concentrate on the areas where they can really add value, the overlaps become less, such as in the water sector.⁷⁵

Within Health, a growing number of partnerships are emerging, and are likely to increase and strengthen with the implementation of the 'Aid-Effectiveness Framework for Health'. Some partnerships in the health sector are with NGOs (See Question Three below). There is a possibility however that sector leadership may see the advantages of less duplication from partnerships and the PD principles as a simple and convenient way to get funds, principally sector budget support, without any consideration for the advantages from a development partner perspective.

Across the cross cutting Environment, Energy, Water and Climate Change arenas, none of the ministries have an Aid Effectiveness Framework, either individually or in terms of addressing increasingly interrelated and cross cutting investments. As noted above, while there has been significant and sustained bilateral support into the environment sector by a number of development partners, the results have been 'incremental' rather than 'joined' and apparently strongly focused around sector priorities such as GTZ support for the recent development of the National Climate Change Response Strategy.

Within the EU, coordination on the Environment and Climate Change is recent and it is expected to be strengthened along with developments at global level and in policy progression locally. In this context, duplication will become reduced and opportunities for stronger harmonisation, synergies and complementarity within the 'EU family' through a division of labour will certainly appear in the near future.⁷⁶

Within the IDC, the ongoing development of the Aid Effectiveness Action Plan, if well resourced, should have a growing influence on the formulation and development of more effective partnerships.

Direction, pace and distance of travel. The direction is positive, and the pace increasing moderately to significantly, and the distance travelled recently is also significant. Findings are consistent with the Emerging Findings Report. 'Many experiments are underway, particularly at sectoral or thematic level, and joint funding arrangements may create a more conducive environment for reducing duplication.'

v) Reformed, simplified donor policies and procedures, more collaboration in SA?

There is mixed performance in this regard. Some development partners have changed their procedures, and the movement towards budget support does simplify matters, but most have remained the same. As noted elsewhere, the USAID country office is piloting the use of country systems with SA. Most respondents believe there is likely to be further positive movement in future.

How development partner funds are used is always agreed between the government and development partner. Even when the budget support modality is used, development partner funds are not part of the South African government budget process. This process involves the voting of government funds by Parliament to the different spheres of government and to different sectors of the economy. Development partner's funds are allocated by a different

⁷⁵Interviews with International Development Cooperation Directorate, Netherlands Development,

⁷⁶ Interview response from B.Konstantinos.EU Programme Manager:Green Economy. December 2010

process, often through direct discussions between development partners and the beneficiary government departments, so they are not part of the South Africa government budget process and it is not voted on by parliament. This means that development partner funds are off budget in South Africa rather than on budget as is the case in many countries that are recipients' of ODA. This having been said one of the main developments since the Paris Declaration was agreed is that it has become more common for development partner funds to be shown in expenditure estimates and reporting – the annual Estimates of National Expenditure. This is a significant impact of the Paris Declaration, and is also to some extent a direct result of the South Africa Public Finance Management legislation (primarily the Public Finance Management Act and also the Municipal Finance Management Act) which requires development partner funds to be shown separately from government funds and for reporting on how the development partner funds are used. It should be noted that this is not a requirement of development partners under the budget support modality but it is a requirement of the South Africa PFM legislation. This means how development partner funds are used is reported on and can be tracked even if it is not part of the governments' budget process.

Direction, Pace and Distance of Travel. These overall findings suggest moderately positive changes – with more to be achieved in future.

vi) More predictable and multi-year commitments on aid flows to SA? .Has the nature of conditionalities been changed to support ownership in line with the AAA commitment.

Aggregate aid to SA has been fairly predictable. The IDC maintain that over the 2008 recession conditions in headquarter countries meant that funding flows and disbursements suffered a period of strain (limiting effective joint measurement of results in annual forums). The biggest problems with high annual or multiyear commitments, but slow disbursements, have been with the EU and with USAID (See Table 2.5. Section One). This is reported by the IDC to be reducing rapidly, with the 2010 PD Indicator of 80% of commitments disbursed almost reached, and attributable to much better flows from the EU and PEPFAR.

Changing development partner country priorities in sectors or niches, and the shift to more regional relationships could imply that this may change in the future. This having been said in Health, for example, there is a 4 year agreement with PEPFAR, and while most of the funding goes directly to NGOs there is the Partnership with the DoH for three years. Within the EC, which provides the bulk of development assistance in South Africa, the Joint SA- EU Country Strategy (2007-2013) is a sound basis for more predictable and multiyear commitments. For example, the new programme for Primary Health Care, with a commitment Euro 126 mill, is a four year programme of sector budget support. The indication of a move by the EC away from sector budget support may imply some risk in the overall predictability of support from that source.

Within and across the Environment, Energy and Climate Change sectors, our analysis of the suite of about eighty five programmes, projects and research initiatives, either in place or beginning, reflect a very wide range in programmed timeframes- from six years to one year, with the average period of the commitment over three years.

SA does not have a big problem with policy conditionalities, but does with conditionalities linked to disbursement which are not always made public and not aligned to government priorities. These create additional transaction cost for departments.

Direction, Pace and Distance of Travel. These broad findings suggest that the direction is positive, with a moderate to significant movement towards desired predictability, but there are risks in the EC positions emerging on budget support and in trends in the regionalisation of aid.

vii) Delegation of authority by donors', incentives for effective partnerships in SA?

In general, both the country view and the development partner view is that there is insufficient delegation.

Incentives for partnerships can be said to exist at two 'levels'. Firstly, in both traditional bilateral aid and foundation driven support, sector conditions and opportunities imply the strong possibility for 'joined up' work with a variety of agencies, in keeping with PD principles. Many NGO's, as evidenced in the Question Three case study, already work in partnership with a host of development partners. Secondly, the growth in 'trilateralism' covered in Question One and in Annex Five indicates the extent to which both traditional and non traditional development partners are engaging in substantial partnerships. Some of these are incentivised centrally such as the UNDP programme on South-South partnerships, some bilaterally, and some nationally in the host country. These trilateral partnerships put together the resources, agencies and client in multiple ways, that 'work'; many aim to adhere to the formal PD principles.

Direction, Pace and Distance of Travel. The changes in traditional development partner partnerships are moderate. However, within the range of trilateral programmes evidenced in this report it is very significant.

viii) Integration of global programmes with SA's development agenda.

This is increasingly occurring across all the key ministries in this study, as the country commits itself to the multiple agendas associated with the attainment of 'global public goods'. South Africa and the EU promote the integration of global programmes with South Africa's agenda. For example, South Africa participates in the EU cooperation instrument on Carbon Capture & Storage as well as in the "all-ACP" science & technology research programme. There is moreover strong participation and leadership on many global and African forums, across a range of 'programmes' such as the African Colloquiums on Aid Effectiveness, which constantly inform and reinforce South Africa's development agenda.

In Health, the Global Fund to Fight Aids, Tuberculosis and Malaria is well integrated with South Africa's developmental agenda for health. (See Appendix Five: Section Two.sec 2viii for a description of the Fund.) The system works by national departments and development partners collaborating in submitting bids for funds, organised in 'rounds' and allocated to winning bidders, per regions globally. South Africa was successful in rounds one, two, six, nine and recently in round ten in the sub-Saharan region. The approvals for South Africa are substantial, amounting to US\$ 302-million (about ZAR 2.06 billion) over a period of five years, for the prevention, treatment and care of HIV/Aids and Tuberculosis, allowing the country to put more people on early treatment and avert Aids-related deaths. The most recent award (US\$ 128-million) covers, for the first time, treatment – 65% is meant for anti retroviral therapy, and also includes health systems strengthening and scaling up of medical male circumcisions.

The following country priority areas refer; increasing HIV and TB case finding and linkages to care at community level through HIV counselling and testing; the rapid roll-out of safe medical male circumcision targeting under-served, high-burden areas; expanding access to ART according to updated national guidelines and Ionised Prophylaxis Therapy; strengthening pharmaco-vigilance and resistance monitoring and reducing adverse events related to ART, TB and related medicines; strengthening health systems supporting HIV/Aids, as well as government and civil society capacity to manage the response to HIV/Aids.⁷⁷

Across the Environmental sectors the Global Environment Facility (GEF) indicates that it is having difficulties in integrating, given the wide variety and dispersed nature of responsible departments and implementing agencies and differences of opinion on policy and programme priorities. Similarly, the country view is that they believe the 'modus operandi' of the facility is

⁷⁷ Health Minister Aaron Motsoaledi. December 2010. See www.buanews.gov.za

not in keeping with its own priorities and capabilities, confirming the tension covered elsewhere in this report between achieving the objectives of both parties.

Direction, Pace and Distance of Travel. Overall, these can be interpreted as strongly positive and fast moving.

2c. Delivering and accounting for development results

ix) Managing for development results – monitoring frameworks

There is a Monitoring and Evaluation Unit established within the Office of the President working on establishing a government wide M&E system. The challenge is that departments have had different systems, some supported by development partners. The EC relies widely on South Africa's monitoring frameworks through result oriented budget support programmes. These programmes also contribute to the strengthening of these frameworks. New avenues of co-operation on monitoring systems are said to opening, with the recent shift from an output to an outcomes approach nationally.

Interviews on the matter resulted in varied responses. Some view the developments in the Office of the President as highly significant, since currently monitoring and evaluation is disappointing with inconsistent and unreliable data, that is inaccessible, with no central repository, and poor, untransparent reporting. A number of development partners suggest this situation is fast improving, with their strong support and training at home country institutions, or well targeted support to specific sub sectors. A large NGO is adopting the newest internet and satellite and mobile phone-based M&E technology, yet reports that the Health Department is reverting to paper-based systems because of the fear of corruption and wasteful expenditure due to previous negative experiences in procurement.

At programme and project level with civil society, the messages from the case study is that health organisations are reporting to up to twelve different sponsors, each with their own systems.

Direction, Pace, and Distance Travelled. Direction is positive but the pace has been slow and there continues to be a long distance to travel.

x) SA has capacities to develop and implement results-driven national strategies?

The team understands this sub-question to be a partial conflation of the preceding sub-question. However, the findings of the June 2010 Development Cooperation Review refer: 'The period under review saw an increased focus on monitoring and evaluation activities. However, programmed activities were not always implemented. Poor attention to monitoring and evaluation often had its roots in weak programme designs. Unrealistic expectations resulted in monitoring and evaluation frameworks which were irrelevant. In addition, programme documents mostly did not establish baselines against which future progress can be measured and corrective action taken. Where assessment frameworks were present, they often could not be aligned with the recipient institution's own monitoring instruments and processes, adding to transaction costs; they were often not implemented and were usually limited to monitoring and evaluating project implementation, not project results. Weak monitoring and evaluation practices regarding ODA in South Africa is not necessarily a function of how ODA is managed, but rather a deficiency in the SA public sector environment overall. However, towards the end of the period under review strong action was being taken at the central level to remedy this.'⁷⁸

All departments have an obligation to report results through a range of mandatory instruments. Some development partners report that South Africa has excellent capacity for

⁷⁸ Davies, T., Fölsche, A. and Smith, M. Development Cooperation Review III Final Report. IDC. July 2010.

results based management in its universities, with consultants and in civil society, but that government does not make sufficient use of this capacity. This is changing however, with contributions to critical issues of measurement coming on stream.

Direction, Pace and Distance of Travel: The directions are good, the pace is moderate and the distance travelled is significant.

xi) Enhanced transparency and accountability to citizens and parliament?

In the IDC, the Development Cooperation Information System (DCIS) has not been functioning for a year and is being upgraded. Civil society engagement has slowed down considerably, given the sheer numbers of different organisations consulted and the multiplicity of different voices. Team consultations with the largest civil society umbrella organisation in Southern Africa (the South African Trust- a large recipient of aid) revealed that in all their substantial and ongoing engagements with development partners, largely DFID, CIDA and the Swiss Development Corporation, and with Foundations (the Bill and Melinda Gates Foundation), they have been encouraged by the extent to which partners have complied with PD and AAA principles. All partners have complied with their own 5 key strategic areas (ownership), have developed similar systems for the management of funds via the use of agreed log frames (alignment) and have worked together in supporting the trusts objectives and programmes – which are co designed (harmonisation). Monitoring and reviews are designed and managed jointly within a single system and against the base indicators established by the SAT (measuring for results- mutual accountability).⁷⁹

ODA agreements are tabled in Parliament for information purposes, and ODA is entered into the Medium Term Expenditure Framework and into Treasuries annual Estimates of National Expenditure (ENE). Parliamentary oversight via the Portfolio Committee on Finance assesses the ENE. The evaluation team solicited but did not receive responses regarding the extent of political discussion on aid effectiveness and development outcomes and whether parliamentarians query provincial and district programmes and practice.

Direction, Pace, Distance of Travel: Directions are good, the pace is reasonable and the distance travelled is encouraging, with stronger recent engagement via Parliament, and with the larger umbrella civil society organisations.

xii) Less corruption, more transparency, public support, resource mobilization and allocation.

Anti-corruption measures are driven by government and appear to be stronger since the establishment of the current administration. The country has recently scored top globally on one Anti-Corruption index. EU-SA co-operation covers the broader governance sector including support to parliament and support to Civil Society Organisations. Whilst there has been extensive support to PFM at national level there is scope for greater co-operation on Public Financial Management in the provincial and especially the local spheres of government and on anti-corruption measures.

Overall, Question One highlighted the plethora of actors in ODA in the country and region and the respective differences and changes occurring, with overlaps and competition occurring. However, South Africa has a very strong system of national oversight and reporting, and all new investments from development partners, both traditional and new, are reported and discussed (and available for open public scrutiny) in Parliament, and reviewed by established oversight committees within Parliament. This ensures a full measure of public engagement, via different media, and promotes vigorous open debate.

At a sector and programme level, funding of NGOs is an issue that promotes heated discussion since there is a view that government does not have a good understanding of funding flows to Civil Society. There is a perception that government has an evident interest

⁷⁹ Interviews with A.Green-Thompson and P. Ramsamy. Southern African Trust. February 2010.

in 'taking over' the funding of Health and HIV/Aids which is now being channelled through the NGOs. This view believes that there are plans to make the Health Members of Executive Councils responsible for reporting on all funding of Health at provincial level, including NGOs – a perceived threat to NGOs in relation to their independent sources of ODA.⁸⁰

Direction, Pace and Distance of Travel: The directions are very good, the pace is good and the distance travelled is significant.

2d. Unintended consequences of PD for aid effectiveness? Evidence of better ways to make aid more effective?

Unintended consequences at a sectoral level are evidenced in the interrelated climate change nexus where tensions arise between the multilateral commitments to global priorities, while at the same time attempting to endorse and support national priorities. Elsewhere unintended consequences occur because of the sheer number of development partners active in the sector, and in their competition for 'equitable development space'. This is perhaps more a result of the lack of a more systemic application of the PD principles themselves. Cause and effect here are conflated.

A negative unintended consequence of the PD and development partner support is dependency of the partner country on receiving aid. The result is less incentive for the receiving country to find and develop other sources of funding from their own resources. Failure to do so can result in the unsustainability of a programme if and when aid is withdrawn. This has been the case in South Africa with the rapid roll out of the anti-retro viral therapy programme in 2006. Posts and funding for these posts were not available when the contract with the NGO assisting with the implementing policy was completed. In health, another unintended consequence has been the focus on HIV/AIDS rather than widening and deepening support to meet family and individual lifestyle needs associated with the pandemic in line with the achievement of the MDG's. The other contradictory aspect is the tendency for aid, when aligned to sectoral spending, to draw people out of a more 'alert' NGO sector.

Both sector evaluations point to ways of making aid more effective. In the climate change arena, the demand will most likely be in institutional alignment for implementation and in attaining policy coherence over time. Government policies already recognise the need for institutional development and realignment over time. So, one area for increasing aid effectiveness (and reach) becomes the targeting of 'gaps'. In health the message is clear; aid can be better used through a much wider application, increasing the range of priority areas for attention in line with the sector MDG's.

⁸⁰ Sourced from a range of interviews in the Health sector. November and December.2010. Pretoria.

2.3. Evaluation Question 3. “Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?” (Development outcomes)

The answers to this section are split into two parts relating to the two sectors studies. Firstly are our responses to the health sector, specifically from the KZN case study, and secondly our responses from the broad climate change sector.

2.3.1 Health

2.3.1.1 Background to South African Health System⁸¹

South Africa has three spheres of government, independent of each other but working together in cooperative governance.⁸² Health services are a shared responsibility between the three spheres of government. The National Department of Health (NDoH) is responsible for development of policy and legislation; The Provincial Department of Health (PDoH) is accountable to the National Department of Health (NDoH) for the implementation of national health policy at service delivery level; local government is responsible for Municipal Health Services, plus some primary level health services which may be delegated to local government by the PDoH.

Health policy in South Africa is based on Primary Health Care through a decentralised District Health System. Each province is divided into Health Districts whose boundaries are aligned with those of Local Government District Municipalities and Metros. A District Health Management Team is responsible for and accountable to the PDoH for the delivery of health services within their Health District.

Primary Health Care (PHC) is a philosophy of health care delivery agreed to at the international conference held in 1978 in Alma Ata as the preferred foundation for health services. The relevance of PHC and this Declaration of Alma Ata were reaffirmed in 2008 on the thirtieth anniversary of the signing of the Declaration. Primary Health Care implies, *inter alia*, that health services are relevant and accessible to the population at a cost that the country can afford through an integrated health service delivered with full community participation. In 1986 the World Health Organisation (WHO) accepted the District Health System (DHS) to be the most appropriate vehicle for delivery of PHC.

KwaZulu Natal (KZN), on the eastern seaboard, is one of nine provinces, and home to 21% of the total population of South Africa. It has the highest prevalence of HIV infection in the country and was chosen as a case study for understanding some of the development outcomes explored in Question Three.

The Constitution of South Africa requires services to be managed and delivered at the lowest level of government at which the capacity to do so is available. Decentralisation of health services to a municipal level are envisaged in health care policy and legislation. Reality, however, is that management of health services remain centralised to the provincial level, with some delegation to the health district level and very little to local government and health facility level, such as clinics and community health centres.

At community level there are community based organisations (CBO) and non-government organisations (NGO) who work in partnership with the municipal, district or provincial health services. These CBOs and NGOs are mostly funded by international development partners, such as PEPFAR, Irish Aid, SIDA and the Bill Gates Foundation, either directly or through an agency, such as the Aids Foundation of South Africa. The NGOs or CBOs are accountable to the development partners for the use of these funds and are not necessary required to submit reports to the health department.

⁸¹ Primary source; KwaZulu Natal Province.

⁸² South African Constitution 1996

International funding is also received for service delivery through Official Development Assistance (ODA). This funding is channelled from National Treasury through either the NDoH or provincial structures. This, for health, includes European Commission Funding and the Global Fund.

This question is directed to the provincial level of the health sector using KwaZulu Natal as a case study.

2.3.1.2 Background to funding

2.3.1.2.1 Development Partner funding for HIV/AIDS

Development partner funding in South Africa is mostly directed to the health sector. Over 50% of this funding is directed to support of HIV/AIDS services and are aligned to the four objectives of the National Strategic Plan for HIV/AIDS and STI Management, 2007 to 2011. These objectives are Prevention; Treatment, Care and Support; Research, Monitoring and Surveillance; and Human Rights, Accessing Justice and Law Reform. The percentage allocation to these objectives varies. The greatest input is to Treatment, Care and Support and to Research, Monitoring and Surveillance.

The balance of the development partner funding for health is allocated to other health priorities in the 12 Point Plan (such as strengthening of PHC services, human resources planning and development, and improved management of communicable disease and non-communicable illness)

There are two channels for development partner funding. The official channel for ODA is via the International Development Co-operation Directorate in the National Treasury. The process is described in *The Policy Framework and Operational Guidelines for the Management of Official Development Assistance 2010*, and based on Paris Declaration principles. The second channel is directly to NGOs and CBOs, and is not guided by the Framework, although most development partners are observant of the PD principles of ownership, alignment, harmonisation, managing for results and mutual accountability which may be included in a Memorandum of Understanding (MOU) with the provincial or district health managements.

In KZN the structures for management of ODA funding are not fully established. There is no appointed ODA Coordinator in the Office of the Premier, or in the PDoH. The function is added to that of someone else in the department. Setting up these structures is seen as a priority for the Office of the Premier for 2011.⁸³

2.3.1.2.2 Operational funding

Provincial Dept of Health (PDoH) operational funding is from:

- The Equitable Share allocated to the KZN Provincial Government,
- Conditional Grants, which are for specified programmes – national tertiary services, HIV and AIDS Health, hospital revitalisation, health professions training & development, provincial infrastructure and forensic pathology.
- Development partner funding, for specified programmes and projects, as described above.

Development partner funding is minimal in terms of the overall budget as illustrated in the table below:

⁸³ Interviews with Premier's Office and Finance Officer in Dept of Health.

KZN Dept of Health - Budget and Expenditure 2009/10⁸⁴

	Received	% of Total	Spent	% of Total
	R'000		R'000	
Equitable Share	18 329 163	84.6%	20 349 276	86.3%
Conditional Grants	3 275 342	15.1%	3 191 198	13.5%
Development partner funds (ODA)	65 887	0.3%	44 479	0.2%
	21 670 392	100.0%	23 584 953	100.0%

This table does not include development partner funding given directly to civil society, non-government organisations (NGO) or community based organisations (CBO).

2.3.1.3 Health policy Direction in KwaZulu Natal

Policies and direction for development are set by the national government and by the national sector departments. Adaptations are made for implementation in each province and each sector according to the specific needs of that province and sector.

As mentioned earlier the national government has developed a 12 Point Plan for Development, based on the Medium Term Strategic Framework (MTSF) and the ruling party's election manifesto of 2009. The priority for the health sector is improving the health status of the entire population and achieving the vision of "A long and healthy life for all South Africans". The priority areas for health are increasing life expectancy; improving maternal, child and women's health; combating HIV, AIDS and TB; and strengthening health systems effectiveness. These plans are closely aligned to the Millennium Development Goals (MDG) and supportive of South Africa achieving these goals by 2015.

A national monitoring and evaluation programme is being developed in the Office of the Presidency. This will be used by all sectors in tracking progress towards attaining the goals of the MTSF and will ultimately align all existing monitoring and evaluating programmes. Each sector has developed their own monitoring and evaluation framework and these are to be aligned with each other as part of the national framework.

The Premier and Cabinet of KwaZulu Natal have committed the province to a Flagship Plan for an inter-sectoral approach to addressing the HIV/AIDS epidemic. This has been accepted by the Provincial Aids Council (PAC).⁸⁵

The three cornerstones of the plan are:

- Addressing HIV/TB pandemics by providing adequate treatment, prevention and adherence, based on the *National Strategic Plan for HIV, AIDS and STI – 2011-2014*,
- Empowering women and youth, and
- "One Home, One Garden", a provincial programme of the Dept of Agriculture and Environment, which receives ODA funding for the Flemish Government.

The objectives of the Flagship Programme support the MDGs, the 12 Point National Plan and the Strategic Plans for Health. This programme is reliant on development partner funding for implementation, which includes ODA funding and direct funding of NGOs and CBOs. A Monitoring and Evaluation Framework has been developed for use by all stakeholders or partners, including development partners, so as to ensure alignment of projects and programmes. Implementation of the monitoring and evaluation framework remains a challenge and may require the contracting in of consultants. There are plans to involve municipal councillors at local municipality ward level in planning, implementation, monitoring

⁸⁴ From: KZN Health Annual Report, Financial Statement, 2009/10.

⁸⁵ Interview with Director for HIV/AIDS in Office of the Premier.

and evaluation of the strategy within their community as a process of decentralisation of responsibility and accountability to the lowest level of government.

“Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?” (Development outcomes)

3a. Were results in specific sectors enhanced through the application of the PD principles?”

Improved results cannot be attributed to a single factor. The implementation of PD principles is occurring simultaneously with other interventions, such as clear policy statements and directions, a commitment to outcomes based planning and a change of leadership at national and provincial levels. The PD principles are accepted by the health sector and development partners and there is a move towards outcomes based planning and more robust monitoring and evaluation. Many provincial level managers and facility managers have little or no knowledge of the PD principles but do know what they like or do not like about working with or being dependent on development partners and NGOs to deliver health services⁸⁶.

The outbreak of multi-drug and extra-resistant TB (MDR-TB and XDR-TB) in parts of KwaZulu Natal brought donations, particularly through the Global Fund, and expertise and technical assistance from the World Health Organization and other international health agencies to assist with addressing the epidemic. This additional aid helped improve outcomes as it provided additional hospital beds and equipment for managing those infected with MDR-TB and XDR-TB, as well as training for health workers.⁸⁷ However additional funding to sustain these efforts has now to be found from the equitable share, particularly as submission of an application for additional funding from the Global Fund was delayed and additional development partner funding is uncertain.

Annual reports of many projects external to the government structures are narrative in style with little data to prove the extent of success of the project in meeting its objectives and the impact on health status of the community. There are also multiple reporting systems as each development partner requires their own indicators which may not be harmonised with the health sector requirements.⁸⁸

Few outcomes and impact studies of projects have been done. Capacity for on-going monitoring and evaluation (M&E) is lacking within the public sector. Impact studies are being commissioned by the PDoH, such as one covering the development partner funding for increased uptake of voluntary testing for HIV infection, but this is not yet completed. In April 2010 a new policy for management of the prevention of mother to child transmission of HIV (PMTCT) was implemented across the province which included revised criteria for data collection. A decline in the rate of transmission of HIV from 18% to 9% has been measured through use of regular M&E of the programme. Indicators required by the NDoH and PDoH are too many and operational rather than for strategic planning. This results in top-down micro-management of programmes instead of decentralisation to the implementation level.⁸⁹

NGOs are appointed by the provincial or district health management teams through signed Memoranda of Understanding (MOU) to assist with the implementation of policy at facility and community level. Funding generally comes from outside sources. This can result in two or more partners working together, each requiring different reporting formats and additional transactional costs. Health workers are generally positive of the impact of development partner assistance in achieving objectives and outcomes. There are, however, concerns as to the sustainability of the intervention when the funding is stopped or withdrawn. Posts and funds from the PDoH are not always available to continue or for prompt absorption of the additional staff employed through the project.⁹⁰

⁸⁶ Interviews with Provincial health managers

⁸⁷ Interview with Provincial TB Manager

⁸⁸ Annual Reports of Aids Foundation of South Africa

⁸⁹ Interview with Provincial M&E Manager

⁹⁰ Interview with Provincial HAST management

The problem of possible fraud with project management is a concern expressed by some respondents. The temptation is high when responsibility for development partner funds is in the hands of a few people and not subjected to the more rigorous control measures of the Public Finance Management Act (PFMA).

Direction, Pace and Distance of travel: Understanding of the complexities of managing partnerships is increasing, but slowly. There is agreement that impact studies are required. A change toward result based management has started.

Responses to IRG Core teams' comments are inserted in Appendix Five. Section Three. 3.a and e).

3b. Did implementation of the PD help countries to improve prioritization of needs of poorest, including women and girls, and reduce social exclusion?"

The poorest, women and children are priorities in many government policies and legislation. The Government Medium Term Strategic Framework (MTSF), 2009-2014, presents a vision for 2025 in which women are equal partners in all human endeavours and children, the vulnerable and the disabled are safe; the Department of Health Strategic Plan 2009/10-2011/12, and the 10 Point Plan outcomes includes reduction of child and maternal mortality, in support of attaining the MDGs; the National Strategic Plan for HIV/AIDS 2007/11 prioritises the needs of women, prevention of vertical transmission of HIV, and children, and the KwaZulu Natal Premier's Flagship Plan focuses on empowering women and caring for children.

However, development partner support for mother and child health programmes is not seen as a priority for development partners, unless there is an element of HIV/AIDS interventions included, such as the PMTCT programme. This results in very little development partner support for attaining MDG 4 and 5. Singling out PMTCT for development partner support can cause non harmonisation of the funding. The provincial policy is for the PMTCT programme to be an integral part of maternal health. To ignore this integration policy and offer support to other aspects of maternal health, such as ante-natal care, care during labour, post-natal care and strengthening of infrastructure is causing non alignment of development partner and health services. It also will not assist with MDG 5, decreasing the maternal mortality ratio.⁹¹

Direction Pace and Distance of Travel: Moderate alignment, possible threat to harmonisation.

3c. How/why has the mix of aid modalities (including general or sector-specific budget support) evolved, what effect has the Paris Declaration had on different modalities, and what have been the development results?"

The 2006 PD base line Report for South Africa records that in 2005 total aid to South Africa as reported by development partners was \$527.62 million; development partner aid reported by SA government was \$249.00 million; thus only 48% of aid was included in the national budget. Almost 50% of these funds were earmarked for HIVAIDS interventions.

The reasons for more than half of development partner funds not being streamed through government may be attributed to a lack of institutional capacity within government to process the funds timeously from National Treasury to the point of implementation of the development partner supported programme. Managers reported delays in receiving funding and having to draw on other department funding to continue the work, which can complicate accountability through the PFMA for use of funds. Other managers reported lengthy delays in procurement of equipment through the official channels which required innovative approaches to resolve. The provincial TB manager violated the normal procurement system in order to ensure full expenditure of a special development partner funding allocation for infrastructure development before closure of the contract (See Box Thirteen).

⁹¹ Interview with Provincial Manager for Maternal and Child Health

Box Thirteen: Global Funding to expand services for MDR and XDR TB

The international health community reacted swiftly to assist in expansion of TB services when multi-drug resistant TB (MDR) and later extra-resistant TB (XDR) was diagnosis in KZN and other parts of South Africa. Lack of hospital facilities and beds for treating these patients was identified as top priority. Funds were allocated from the Global Fund and allocated, via the equitable fund, to the provinces for infrastructure development for treating these patients. There was a time limit placed on the funds by which it was to be spent and the public sector procurement process for such developments so long and slow that it seemed unlikely that the buildings could be completed in the time allowed.

Noting this, the TB manager in KZN managed to circumvent normal processes and contracted a private company to provide prefabricated buildings which met the required specifications. Not only were the buildings available in minimal time but were within the budget and money spent before expiry of the contract.

Use of government systems can delay procurement of equipment and buildings with loss of donor money. Innovative ways of using the system is sometimes required.

These dual streams of funding by development partners can be problematic. Government is responsible for development in the country, but has little authority over 52% of development partner funding and how it is used. The NGOs are not part of the M&E systems in the country and are not required to send reports to the government sector in which they are working. Monitoring of these activities is difficult. For example, in KZN the Director for the Provincial HIV/AIDS Integrated Programme in the Office of the Premier has waited over one year for information requested from development partners on their HIV/AIDS projects and interventions in the province. Most NGOs are non-profit organisations (NPO) and as such are required to be registered with the Department of Social Development and to present annual reports with financial statements to this department to retain their NPO status. These reports are not available to other government sectors. Improved inter-sectoral communication and cohesion is required to enhance the benefits of ODA.

Development partner funding through civil society, NGOs and Faith Based Organisations (FBO) is not new in South Africa. In the past health services, particularly in rural areas, were heavily dependent on international religious organisations to establish health facilities. Most of these are now part of the public health system. During the apartheid era there was minimal formal development partner support; this changed after 1994 when formal bilateral funding agreements were possible.

Development partner funding within the health sector in KwaZulu Natal follows two lines;

- ODA funding through National Treasury as set out in policy: *The Policy Framework and Operational Guidelines for the Management of Official Development Assistance 2010*,
- Contracts between provincial or district health management and an international development partner or NGO for specified service provision,

Each modality has strengths and weaknesses. Development partners may acknowledge the importance of PD principles for engagement with government, but in reality they do not abide by all the principles. An example of this is not making their reports readily available to government.

Funding through official ODA sources are complicated by the bureaucratic system through which the funding flows. It may take several months for the funds to reach the point of implementation or for procurement of equipment or building of infrastructure to be finalised. This funding path is seen to perpetuate centralised control which is contrary to the decentralisation policy of the South African Health System.

Funding for research projects attached to a hospital complex in Pietermaritzburg found that the hospital finance systems did not have the capacity to manage the additional funding and reporting required and staff were paid late. Procurement of equipment required for the project was delayed by the lengthy procedures. An NGO was therefore established with not for profit status and was unable to broaden their funding base and improve control of funding flow.⁹²

⁹² Interview with Director of Umkhuseli Fund Management

In contrast the Empowerment for Food Security Programme (EFSP) found that working within the public sector frameworks to be advantageous to delivery of their project. (See Box Fourteen).

Box Fourteen: Empowerment for Food Security Programme (EFSP)

The EFSP is a collaboration between the Flanders International Cooperation Agency (FICA) and the Province of KwaZulu-Natal, specifically the provincial Department of Agriculture and Environmental Affairs (DAEA). The programme was implemented on 1st April 2007 and has an integrated multi-sectoral approach (including Dept of Health) to its work. The EFSP is an integral part of the provincial Flagship Programme for development.

The EFSP funding flow is from the development partner (the Flemish Government), through FICA, to the National Treasury and the Provincial Treasury, to the programme. It is a true ODA programme and adheres to the Paris Declaration principles. The programme is co-funded by the DAEA providing 70% of funding.

EFSP focus is on creating food security in homes in rural and urban areas. This is done through employment of service providers who train home-owners in vegetable gardening on a 10mx10m plot and associated activities to ensure sustainability. There were challenges during the first two years of the programme in accessing the money and in establishing the programme. Patience and perseverance on the side of the management team ensured the full establishment of the programme.

The importance of the project for development is acknowledge by the Provincial Government and was noted in the Mid-term Review. A province wide programme, *"One Home, One Garden"* based on the EFSP and the lessons learnt have already been established. The programme exemplifies institutional and social capital development in members of the communities served and in the management of the programme. The EFSP is a positive example of ODA funding being used as per Paris Declaration principles. It is well established and relevant in the communities served. This is seen when visiting one of the projects with the service level provider to a community in a deep rural area – the ride and delight of the women who maintain the gardens, the quality of their produce and the general good health of the families is remarkable.

"Streaming through government takes longer but in the end is better" (DDG of DAEA, KwaZulu Natal)

The project Manager works closely with the Premier's Office and is part of the management of the Flagship Programme for development in the province. Delays in receiving on-going funding have been related to the requirement to work through an agency and not directly with the funders and the different auditing systems between the SA public sector and the development partner. These are being addressed.

The choice of funding modality is possibly related to the leadership and management and other stakeholders within the programmes and the development partner. Flexibility is required within the implementation of PD principles and development partner funding.

Direction, Pace and Distance of Travel: No linear direction to a particular modality, but taking into account the SBS for Health recently approved, there has been a shift towards PD principles of harmonisation and alignment. The general preference is for a mix of 'modalities'.

3d. Has PD implementation led to sustainable increases in institutional capacities and social capital at all levels to deliver services and to respond to development challenges? Why, how and where, and what are the effects?

An increase in institutional capacity was noted by several interviewees. Capacity building, including governance and corporate management, is integral to most development partners' funding of NGOs and CBOs. This ensures sustainability of the NGO as well as building capacity within the health facilities. The funding provided to the NGOs and CBOs at community and facility level may not follow the official ODA funding process, but most funders take cognisance of the PD principles in their *modus operandi*

The Empowering for Food Security Programme (EFSP) has noted increased social capacity in the management team of the project and in field staff.⁹³ Sustainability of the project is

⁹³ Interview with EFSP Management

assured through the development of a follow-on project which is active one year before the possible withdrawal of the ODA funding. Lessons learnt and experience gained during the time of the EFSP has already been used. The management system developed by this project could become a template for other ODA projects.

Health workers report positive experience of working with development partners and NGOs. There are opportunities for training and general support which may not be readily available within the department.

Direction, Pace and Distance of Travel: Uneven and contradictory directions, implying that PD principles in the latter case can prove problematic. Distance travelled in the former is significant and encouraging re social capital broadly and civil society.

3e. Has the implementation of the PD had unintended consequences for development results, negative or positive? Is there evidence of better ways to make aid contribute more to development results?

There is some evidence that the success or failure of any project is dependent on the leadership and management of the project. Good leadership is more likely to produce improved results.

A negative unintended consequence of the PD and ODA is dependency of the partner country on receiving such donations. There is less incentive for the receiving country to find and develop other sources of funding from their own resources. Failure to do so can result in an unsustainable programme if and when the development partner funds are withdrawn. This has been the case in South Africa with the rapid roll out of the anti-retro viral therapy programme in 2006. Posts and funding for these posts were not available when the contract with the NGO assisting with the implementing policy was completed.

3f. Has the PD enhanced ODA's impact on achieving the goals of the national development strategy and MDGs?"

There is alignment and integration of the MDG goals into government and provincial policies. This includes use of the MDG indicators as indicators for national outcomes planning. *The Millennium Development Goals, South Africa Country Report 2010* (see Annex 5) specifically links the MTSF Strategic Elements to relevant MDGs. The directly health related MDGs (Goals 4, 5 and 6) are priorities for the South African health sector to address i.e. maternal and child health, and combating the dual pandemics of HIV/AIDS and TB and other diseases. In South Africa ODA funding is largely channelled to HIV/AIDS, with very little to maternal and child health (see above).

Funders, such as the European Commission (EC), have a specific focus on primary health care and health service delivery programmes that address the MDGs and the DoH priorities. Development partners may positively enhance the ability of South Africa to reach some of the MDG goals by 2015, in particular MDG 6, decrease of HIV infections and prevalence. The EC donations are to sector budget support and follow the official ODA channel for funding.

Generally public service employees (managers and implementers) show greater awareness of the Medium Term Strategic Framework and the National Health Strategic Development Plan (or Ten Point Plan) than the MDGs. Greater emphasis is being placed on the challenge to reach the MDG goals by 2015 and the awareness among health workers is growing.

2.3.2 Environment, Water, Energy and Climate Change

2.3.2.1 Background to the cross sectoral organisation of the National Climate Change Response.

South Africa is a Non Annex 1 Country⁹⁴ signatory to the Kyoto Protocol and the United Nations Framework Convention on Climate Change (UNFCCC). While it has been playing an influential role as a representative of developing countries in international negotiations, it is the largest emitter of green house gases (GHG's) on the African continent, and, along with China, the world's most carbon intensive economy. Globally, it is the 19th highest emitter of greenhouse gases (GHG's), and, along with Small Island Developing States and the Least Developed Countries, is predicted to experience the most severe impacts of climate change.

South Africa's early 2004 National Climate Change Response Strategy was built around principles of sustainable development - its point of departure being the achievement of national and sustainable development objectives while simultaneously responding to climate change.⁹⁵ Subsequently, the National Climate Change Conference agreed that a participatory Climate Change Policy Development Process be initiated, following the conclusion of a detailed scenario building process to map out how South Africa can meet its United Nations Framework Convention on Climate Change (UNFCCC) Article 2 commitment on GHG stabilization, whilst maintaining its growth path, embodied in the then Accelerated and Shared Growth Initiative for South Africa, and its foci on promoting energy security and access, development, poverty alleviation and job creation.

The participatory and research based Long Term Mitigation Scenario⁹⁶ process coincided with the release of the National Framework for Sustainable Development. The former identified South Africa's emissions trajectory, and formulated the three strategic mitigation options of "Start Now, Scale Up and Use the Market" to reduce emissions over time. It prioritized work aimed at understanding South Africa's vulnerability to the impacts of climate change and meeting the challenges through appropriate adaptation strategies. The latter identified five Strategic Focus Areas, including responding appropriately to emerging human development, economic and environmental challenges, which included adaptation to the impacts of climate change.

National policy development was extended through the National Climate Change Policy Development Summit, which provided the basis for a) the adoption of a framework for the National Climate Change Response Policy, b) further detailed sectoral policy development and associated implementation plans, c) preparation of the policy positions and premises to take to the December 2009 UNFCCC Copenhagen Conference (COP15), d) and a draft Final National Climate Change Policy with e) further national policy to be updated, based on the commitments negotiated at Copenhagen (for UNFCCC post 2012 positions).

These were published in a Green Paper for comment in October 2010⁹⁷, and a Final National Climate Change Response Policy is due shortly. Approved policies will be translated incrementally into legislative, regulatory and fiscal packages by 2012. The principles of this Green Paper, prepared with support from the GTZ, are a) Common but differentiated responsibility and respective capabilities, b) the Precautionary Principle, c) the Polluter Pays Principle, d) a People Centred Approach, e) Informed Participation, and f) Intergenerational Rights.

⁹⁴ Being a signatory to the UNFCCC, South Africa has a general commitment to implement measures to mitigate climate change (UNFCCC, 1992: Article 4.1b). As a non-Annex I country, however, it does not have a quantified emissions limitation or reduction target under the Kyoto Protocol. In contrast to the 35 Annex 1 Industrialised and Economies in Transition (EIT's), Non-Annex I Countries do not have binding emission reduction targets for the first period (2008-2012) of the Kyoto Protocol.

⁹⁵ DEAT, 2004

⁹⁶ <http://www.environment.gov.za/HotIssues/2008/LTMS/LTMS.html> See also, Long Term Mitigation Strategy Report: Downloaded at www.erc.uct.ac.za. In S.Raubenheimer.Facing Climate Change. Building South Africa's Strategy. Idasa. 2011.

⁹⁷ National Climate Change Response Green Paper: Department of the Environment. October. 2010.

Key Adaptation sectors are Water, Agriculture and Agricultural Industry, and Human Health – and the key Mitigation sectors, informed by the countries greenhouse gas emissions profile, include Energy, Industry and Transport.

Country Ownership of the National Response Strategy is clearly set out in the sections on Roles and Responsibilities and Institutional Frameworks for Coordination as illustrated in Box Fifteen.

Box Fifteen: Key Messages in Country Ownership

Departmental Priorities: If for example a national department is responsible for the development of national energy policy, within a changing climate and our response to it, that department will remain responsible for the development of national energy policy. The only difference being is that climate change and our agreed responses to climate change must now be considered in the development of the policy and integrated into it. Thus, although climate change provides a changing context and new challenges to the way government does its work, the basic work remains the same and, hence, governments roles and responsibilities remain the same. It is imperative that we recognise the centrality of all three spheres of government in addressing climate change and that necessary support is provided for this.

All elements of policy will be fully mainstreamed into the work of government, with a review of all policies, strategies, legislation, regulations and plans falling within its jurisdiction or sphere of influence to ensure full alignment with the National Climate Change Response Policy by 2012

All social partners-Industry and Business, Organized Labour and Civil Society are deemed important to the success of a broad national effort. Civil society, labour and the faith communities have an important role to play in continuing to raise public awareness and motivate individuals, institutions and authorities to take actions to reduce greenhouse gas emissions and adapt to the adverse impacts of climate change as well as to critically evaluate, comment on and respond to the initiatives of government and the private sector.

In patterns of production and consumption, in livelihoods and in the allocation of national resources, business and industrial sectors have an important contribution to make in increasing their levels of energy efficiency, developing and implementing climate adaptation and mitigation plans and working in partnership with government to achieve the overall policy objectives. Business will also continue with initiatives to engage international counterparts in the climate change debate to ensure that the interests of business in the developing world are well understood and to encourage its members to increase participation in voluntary climate change response reporting initiatives like the carbon disclosure project.

The Institutional Framework for Coordination covers: In the Executive, National Coordination: A capacity for Research, Development and Innovation coordination that should be aligned to the institutional arrangements of the national science and technology system championed by the Department of Science and Technology. A capacity for coordinating adaptation and mitigation actions. A system and capacity for measuring, reporting and verifying climate change responses. This capacity would need to be aligned to the international system that is currently being negotiated and would in all likelihood require that carbon emissions and their reductions be measured, as well as the financing, technology and capacity building initiatives that underpin this, as well as support our adaptation programmes. A capacity for facilitating and promoting the use of carbon trading and off-set schemes. A means of monitoring and evaluating Government policies, strategies and legislation to ensure alignment.

However, with the implementation of this policy, and as the transition to a climate resilient and low-carbon economy and society evolves, it may be appropriate to adjust these institutional arrangements accordingly.

The following cooperative structures and mechanisms will be utilized:

The Inter-Ministerial Committee on Climate Change: The strategic, multi-faceted and cross-cutting nature of climate change response activities necessitate the formation of a coordination committee at Executive (Cabinet) level, which will ensure coordination of actions and alignment of all actions with national policies and legislation. To this end, an Inter-Ministerial Committee on Climate Change shall exercise oversight over all aspects of the implementation of this policy.

The Intergovernmental Committee on Climate Change (IGCCC) : In order to operationalise cooperative governance in the area of climate change, the Intergovernmental Committee on Climate Change (IGCCC) has been established to foster the exchange of information, consultation, agreement, assistance and support among the spheres of government with respect to climate change and government's response to climate change.

Partnering with Stakeholders: The National Committee on Climate Change (NCCC) has been set up to ensure consultation with stakeholders from key sectors impacted by and/or impacting on climate change. It advises on matters relating to national responsibilities with respect to climate change and the implementation of climate change related activities. The National Economic Development and Labour Council (NEDLAC) should have climate change as a key component of its agenda, as NEDLAC is considered as the forum where government comes together with organised business, organised labour and organised community groupings on a national level, and this platform will ensure that climate change policy implementation is balanced and meets the needs of all sectors of the economy. In addition, the specific sector capacities identified above will work in close cooperation with stakeholders in the implementation of their work.

2.3.2.2 Development Partner Support: Some Trends, Focal Areas and Institutional Participants⁹⁸

ODA support by broad type and value is covered in Section 1fi). It reflects a significant and growing commitment across all critical sectors and target areas, and institutional support arrangements underpinning Country Ownership. As of late 2009, there were at least 33 different development agencies implementing or preparing around 100 projects – this has escalated quite significantly with, for example, about twenty five of some eighty EU 'Green Economy' commitments beginning in 2010.⁹⁹

Initially inter agency cooperation was minimal, but in 2008 several agencies began meeting regularly on an informal basis via the offices of the World Bank, within a 'Climate Change Development Partners Working Group', which set up a donor mapping exercise to assess all the respective parties activities and instruments, how these fitted with the broader framework of the South African response, and how they aligned with government policies and strategies. Unfortunately it was discontinued due to personnel transfers, but the British High Commission has been encouraging and supporting discussion and possible future collaboration, and EU Working group has been established over 2010, to be formalised with the IDC during 2011.

At the end of 2009, about 85% of ongoing and planned development partner financing focused on a broad definition of mitigation activities, targeting the energy sector for either renewable energy or energy efficiency, or in combination (the targeting of both renewable energy and energy efficiency together comprising about half of all financing). If support from the larger Clean Technology Fund is discounted, the amounts for both the above 'sub sectors' reduces to about 30 percent. Grant funding targets about 40% of both renewable energy and energy efficiency (and is growing). The balance of financing (14%) focuses on adaptation and other activities such as capacity building, previously for Copenhagen (COP 15) negotiations, and now, for the 17th Conference of Parties (COP) in Durban at the end of 2011.

About 17% of development partner funding targets Government recipients, some in capacity building (such as supporting the Dept. of Energy enhance capability to manage the Clean Development Mechanism programme-British High Commission, Norway and Denmark) as well as in the Department of Environment (Denmark and UNEP) and the National Energy Regulator of South Africa and Parliament (British High Commission, AFD, Norway).

Municipalities receive about 14%, with about 87% of this support for mitigation. The bulk of this financing goes to the larger metropolitan municipalities of eThekweni, Cape Town and Johannesburg. DANIDA's Urban Environmental Programme stands out (covering four cities and focusing on emission reduction). Provincial governments are relatively poorly supported, with only 2% of all climate change finance and about 2% of all grants, with the focus on Gauteng and the Western Cape provinces, and renewable energy.

Low income constituencies are the focus of only 25 % of grant financing, with only 25% of adaptation funding targeted toward communities (of which about 57% is geared towards research institutions).

In contrast, the private sector is engaged with between 25% and 55% of financing (again, dependent on whether the Clean Technology Fund is included).

Approximately one third of all financing (excluding the Clean Technology Fund) is to projects with an exclusive national focus, and only about 8% with a regional, usually SADC, scope. This has been a limiting factor given the trans-boundary nature of climate change, the status of its desired outcome as a 'global public good', and the associated 'interconnectedness' required from the global conventions. However this is being rectified, with Finland, Norway,

⁹⁸ This section draws heavily from: Climate Change; Who's Doing What in South Africa. FAO. September 2009. Funding spreadsheets made available by the IDC 2010, and Spreadsheets on past present and future 'Green Economy' commitments within the EU and its Member States.2010. See Appendix Five:Section Three.

⁹⁹ EU Green Economy Project Spreadsheets by project type and value and member country.November 2010

the UK, Denmark, Sweden and Germany now more active regionally, and also within the trilateral and triangular partnerships that are emerging.

The priority of transport for mitigation and adaptation has been relatively neglected with only three projects associated with the FIFA World Cup (largely via Germany). However this is receiving increasing attention from French Development Bank grants, for example, and through metropolitan municipalities joining global cities greening forums.

Of all funding for adaptation, over R800 mill. goes to research institutions, about R330 mill. to low income communities, R100 mill. to national government and State Owned Enterprises, with R75mill. going to agriculture and R 175 mill. to 'other' sectors. These approximate values will increase with the new investments in the pipeline.

“Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?” (Development outcomes)

3a. Were results in specific sectors enhanced through the application of the PD principles?”

These foregoing multiple strands of support from development partners have had a significant role in assisting a wide range of institutions in the three spheres of government, the private sector, civil society and communities. Desirable initiatives have been consolidated extensively, enabling the government and all development partners to move forward significantly.

However the consolidation described above is uneven, there are significant gaps and omissions in coverage, and there is not necessarily the type of institutional and inter-institutional cooperation deemed desirable by both development partners and government and its agencies.¹⁰⁰

Nevertheless the progress made with this support can be described as more than significant, given the scope of the challenges and the cross sectoral nature of this 'overarching sector'.

Country Ownership principles are in place. National policies aim to be well crafted and in line with global best practice. Government is working hard at expanding its mandates and widening its suite of institutions to adapt to the cross-sectoral challenges associated with mitigation and adaptation. This is evidenced in the national Climate Change Response Green Paper.

However there are a number of problems, for example, in the organisation and operation of cross-cutting environmental policies and focal areas due to the separate mandates of the key sector departments.¹⁰¹ Moreover, capacity problems, or overload, in some of these departments mean that they cannot provide the desirable and mandatory oversight roles to both provinces and to local government. One key department clearly indicated that they do not have an annual Consultation Forum with development partners, while another wishes to increase its staff complement in its International Relations Directorate, responsible for the management of ODA, from two to nineteen.¹⁰² The implication is that development partners do more detailed decision making and implementation than may be seen to be desirable by government, especially provincially and with local government.

Development partners also maintain that, while they aim to fit into sector priorities, and follow due process in developing support programmes and instruments, the response from government is often negative. Many development partners have experience in neighbouring low income countries, and are surprised by the comparative lack of engagement they experience in their desire to deepen support arrangements either bilaterally or in

¹⁰⁰ See: Climate Change; Who's Doing What in South Africa. FAO. September 2009

¹⁰¹ The IDASA critique of siloed policy making in the electricity/energy sector shows how this process has been done almost stand alone-and not considered with other policy making processes in for example the Renewable Energy White Paper, Climate Change Policy, the Industrial Policy Action Plan, and Rural Development Policy, as well as work in the National Planning Commission. In: Keeping the Lights on? A Review of Assumptions underpinning South Africa's Integrated Resource Plan. July 2010

¹⁰² Interviews with the International Relations Directorates of the Departments of Environment and of Energy. December.2010.

partnerships. Some attribute this to the country's middle income status and are thus looking to the region where they anticipate more substantive opportunities.¹⁰³

Development partners, both bilateral and multilateral, and in the private and voluntary sector, moreover describe the plethora of institutional arrangements and agencies as mystifying, bemoaning the lack of a single coordinating ministry which can define and drive priorities effectively. While they attempt to align, some feel that they are trying to align to the wrong arrangements. As a general example of institutional complexity, the following quote pertains; "Co-ordination between the municipality, other municipalities (including metropolitan municipal authorities), national government, and the provincial sphere of government is also poor. The following comment highlights the issue: The level of interaction is very poor, at least with the national government. The National Climate Change Council has invited local government to some of their sittings but what actually happens is not so much a debate rather than the Department of Environment giving reports and feedback on its own projects."¹⁰⁴

One development partner directly responsible for support for Climate Change maintains that few of the key lead departments know much about the formulation and requirements of the Climate Change Policy developed by the Department of Environment. In other words they are presented with approved final policy documentation, have had no input into it, and have to try and comply. Clearly the cross cutting commitments have to be well integrated.¹⁰⁵

Voluntary sector interviews maintain that there is reluctance from key departments to move beyond rhetoric in the key National Climate Change Coordinating Committee that has been mandated to engage stakeholders. There also remain unresolved issues of competing competencies.¹⁰⁶ 'None of this is to suggest a lack of commitment on the part of the lead agent on Climate Change, or an absence of progress, but rather reflects that the Department of the Environment is a relatively junior department and that government on balance have yet to embrace the substance of "business unusual".'

Government is tasked with a major challenge in establishing and operationalising the appropriate institutional framework for the national response. Institutional arrangements for the national science and technology system in climate change are now well developed (through the Department of Science and Technology).¹⁰⁷ However there is currently debate about the 'home' and the capacity for measuring, reporting and verifying emission reductions according to UNFCCC requirements (either in the Department of Energy, the Central Energy Fund or in ESKOM). The capacity for facilitating and promoting the use of carbon trading and off-set schemes is well developed. What remains is the capacity and arrangements for monitoring and evaluating government policies, strategies and legislation to ensure the cross-sectoral alignment with overall and specific objectives.

Direction, Pace and Distance of Travel: Moderate to significant, with many uncertainties.

3b. Did implementation of the PD help countries to improve prioritization of needs of poorest, including women and girls, and reduce social exclusion?"

At this generalised scale of assessment, the balance in allocations evidenced towards low income communities is relatively small. Nevertheless, the amounts involved, the range of civil society organisations working in the field, and the diverse suite of instruments and arrangements in the cross-cutting sector are extensive. Many programmes impacting on the poorest are well developed, and are growing significantly.

In terms of the investments in mitigation and their impact on the poorest, there was considerable ambiguity in diverse responses. Government have bemoaned a tendency in some development partners not to engage with South Africans in achieving technical

¹⁰³ Interviews with USAID, Sustainability section. December 2010.

¹⁰⁴ Lebogang Mokwena: Municipal Responses to Climate Change in South Africa: The case of eThekweni, the City of Cape Town, and the City of Johannesburg. Centre for Policy Studies. 2010.

¹⁰⁵ Interviews with the British High Commission. January. 2011.

¹⁰⁶ Interview with World Wildlife Fund. November .2010

¹⁰⁷ Interview with the Department of Science and Technology's International Relations Division. November 2010

objectives in attaining energy efficiency, for example. The complaint is that some partners prefer to either bring out home country companies to 'do' a programme, or engage nationally based subsidiaries of these companies, rather than supporting the emergence of local capabilities which embrace employment creation opportunities, thus assisting in addressing poverty imperatives. Development partners on the other hand, believe that government is setting too many conditionalities targeting employment creation 'quota's' within the renewable energy field, which reduce their scope for achieving other mitigation and adaptation objectives in the sector, such as setting up local manufacturing capabilities in wind and solar energy.¹⁰⁸

There is further, a range of opinions which maintain that macro policies across the sector, but particularly in the energy department, where there are large subsidies or discounts on energy costs to multinational metals and mineral processing companies, are leading to increases in the costs of energy to the poorest.¹⁰⁹

Direction, Pace and Distance of Travel. Minor to moderate.

3c. How/why has the mix of aid modalities (including general or sector-specific budget support) evolved, what effect has the Paris Declaration had on different modalities, and what have been the development results?"

Loans predominate against the value of grants in a ratio of 3:1 in a total estimate of funding of R14 billion. This mix is clearly linked to the nature and range of the technical investments in the overarching mitigation response.¹¹⁰ Results are emerging but are complicated by competing views on the benefits of concessionary loans (some of which are accompanied by grant finance). Country partners tend to believe that they are being locked into these modalities for long periods, and that the funds are used to employ development partner country skills, rather than create local opportunities.¹¹¹ The tendency is therefore to look to 'new development partners in 'Asian' and Southern countries for development finance in the sector, which is apparently viewed as less conditional, and less distorted towards traditional partner interests. Development partners and the private sector suggest that these concerns limit their scope to engage effectively and to assist the country in meeting its interrelated objectives across the key sectors and main programmes, particularly in large scale renewable investments in wind and solar power.¹¹²

Direction, Pace and Distance of Travel: Minor to moderate with a lot of uncertainty

3d. Has PD implementation led to sustainable increases in institutional capacities and social capital at all levels to deliver services and to respond to development challenges? Why, how and where, and what are the effects?

At this scale of assessment it is difficult to attribute the range of institutions established for the sector to the PD directly. Leaving aside the Clean Technology Fund and the Climate Trust Fund (supported by the multilaterals), the major institutional developments nationally relate to the establishment of a National Green Fund and its 'application' in programmatic areas across the spheres of government and in accordance with the Constitutional mandate. Currently its institutional location is undecided (either within the DBSA or the IDC). Here the role of development partners, either traditional or new, is not envisaged to be extensive but complimentary to equity finance and national allocations, in keeping with South Africa's middle income view of the role of ODA.¹¹³ It is too soon to see any effects of the PD at all levels of society.

Direction, Pace and Distance of Travel. Minor to uncertain.

¹⁰⁸ Interviews with Chief Director. Department of Environment, and with KFW and the Global Environment Facility. December. 2010.

¹⁰⁹ See P. Bond. The Politics of Climate Change. In: 'S.A reps at climate talks are letting us down. Sunday Independent.' 6th February. 2011

¹¹⁰ See EU Green Economy Project Spreadsheets by project type and value and member country. November 2010: See Climate Change; Who's Doing What in South Africa. FAO. September. 2009.

¹¹¹ Interviews with Chief Director. Department of Environment, and with KFW and the Global Environment Facility. December. 2010.

¹¹² Interviews with Chief Director. Department of Environment, and with KFW and the Global Environment Facility. December. 2010.

¹¹³ Interview with K.Morais. Technical Assistance Unit. National Treasury. November. 2010

3e. Has the implementation of the PD had unintended consequences for development results, negative or positive? Is there evidence of better ways to make aid contribute more to development results?

The balance of available evidence suggests that ODA support for Climate Change overall, within and across the sector departments, is making a large, valuable, and positive contribution to overall progression of country priorities, frameworks and objectives. Any unintended consequences are in a) the tensions between the multilaterals commitments to global priorities, while attempting to endorse and support national priorities, and in b) the complexities arising from the sheer number of development partners active in the sector, and in their competition for 'equitable development space'. Unlike in Health, there is no Aid Effectiveness Plan for the cross cutting investments in the sector to mitigate these consequences.

The main, generalised finding here is that the more effective local management of the PD principles and partners, and less competition and more coordination and harmonisation of partners among themselves would lead to better ways to make aid contribute more effectively to development results. This evaluation indicates that this is increasingly occurring among development partners in this 'sector'. The IDC's Aid Effectiveness Action Plan can take a strong lead in achieving this, through designing and driving a cross sectoral strategy for the harmonisation (and improved alignment) of development partners considerable breadth of activities.

3f. Has the PD enhanced ODA's impact on achieving the goals of the national development strategy and MDGs?"

As a cross cutting and multi-sectoral issue, the National Climate Change Response Strategy and its actions are guided by the relevant government clusters. The economic Sector and employment cluster provides strategic leadership on all the issues related to economic growth and employment creation, while the infrastructure cluster provides strategic leadership on all infrastructure related aspects of the response strategy. The international cooperation cluster provides strategic leadership on international engagements relating to climate change.

Monitoring and Evaluation will be undertaken through the results based system being established in the Office of the President. This is derived from the twelve strategic outcomes established in the MTEF and reported through the delivery forums for the respective outcomes. The relevant 'Outcome Area' for climate change is No. 10: Environmental Assets and Natural Resources that are Well Protected and Continually Enhanced. In South Africa, the MDG's have been incorporated into this results based agenda, and the measurement of the impacts and outcomes of the respective climate change investments and responses will be reflected in the outcomes measured in the strategic priority areas.

MDG Seven – To Ensure Environmental Sustainability, best encapsulates the varied outputs and indicators related to the mitigation response - emissions reduction strategy. This MDG is incorporated into Strategic Priority 9: Sustainable Resource Management and Use. Environmental sustainability also underpins the achievement of the majority of the other goals.

The key issue in South Africa concerns the establishment of the UNFCCC system for Measurement, Reporting and Verification (MRV) of both the total reductions in greenhouse gas emissions and the savings achieved through other arrangements, such as increasing forest coverage to provide greater CO₂ absorption capacity. Presently the institutional location for such a system is uncertain and the mandate for the system has not yet been fully unpacked.¹¹⁴ There are views that the Department of Energy should house the system either through its Central Energy Fund or in the national electricity utility, ESKOM. Since these are

¹¹⁴ Interview with K.Morais, Technical Assistance Unit, National Treasury, November, 2010

the funders, investors and managers of the largely coal based energy economy in the country there is an alternative view supported by many local interests and development partners that the MRV system should be housed in the DEA or that it should be independent of government.¹¹⁵

These are just some of the issues in the arrangement of the national institutional response to the overall management of the proposed climate change investment. Clearly there remain many areas where development partners can, jointly in partnerships, and with in-country institutions, support the effective organisation of national priorities in the broad climate change sector.

Direction, Pace and Distance of Travel: Uncertain to minor

2.4. Framework for Conclusions

2.4.1. What has been the relevance of the Paris Declaration and the ways it has been implemented to the challenges of aid effectiveness?

Throughout this evaluation, the emphasis has been on South Africa's status as a relatively well developed middle income country located strategically in its region and on the continent, with ODA making only a small addition to national resources available for development.

It is therefore premised and managed on the basis that it is most effectively used in the transfer of knowledge, introducing best practices, and in embedding innovative approaches, while assisting in addressing the country's particular development challenges and national strategic priorities. Within this context, the relevance of the Declaration has been embedded and adopted by the country, both building on its own principles for the management of ODA and strengthening them.

While this is progress, and the PD has had influence in the two 'complicated' sectors selected for evaluation, some country circumstances have limited the overall potential of the PD to address the challenges in aid effectiveness.

The first, covered a number of times in this document, is that South Africa has not made a 'stand alone', jointly agreed strategy for implementing the Declaration as, for example, has happened with the SADC countries' Windhoek Declaration, and Indonesia's Jakarta Commitment. While the PD principles are accepted and endorsed, and an Aid Effectiveness Action Plan is beginning to bear fruit, with a sectoral Aid Effectiveness Framework now in place in the health sector, this can limit the extent and manner in which both government and development partners commit to the PD principles, and lessen its potential contribution to the challenges of aid effectiveness.

The second is 'external' to the PD itself, and concerns the shifting nature of political and institutional arrangements in country and within ministries. The splitting of historically joined departments to form new entities inevitably leads to a lack of institutional memory and competencies in the management of ODA and in the application of the PD principles. Similarly, staff turnover in development partners contributes to a dilution in the application of the PD principles.

2.4.2. To what extent has each of the five principles of the Paris Declaration been observed and implemented, and the Accra Agenda priorities reflected? Why? Have there been conflicts or trade-offs between them?

Ownership:

Ownership has been a core principle of the South African government and is well entrenched nationally and in the official instruments for the management of ODA. The evaluation shows

¹¹⁵ Interviews with GTZ and GEF Climate Change officials. December.2010

that while there have been vast improvements in the health sector since 2008, there have been some problems in the implementation of the principle, and a tendency for foundations and development partners to adopt a dual strategy in supporting government and the NGO sector, while applying pressure for new policy frameworks, implementation priorities and strategies, norms and standards, indicators and results frameworks. This works incrementally. The results of this 'energy' have proved extremely positive sectorally, realising strong country ownership in the recent Aid Effectiveness Framework for Health.

In the interrelated sectors that make up the Climate Change sector, country ownership is strong in principle, but the 'global public good' nature of the sector contrives to allow it to become a contested arena and with its inherently multiple instruments and arrangements the subject of some contestation. Development partners generally view the adoption of policies and programmes of support as 'partial', constraining their agendas, while some sector departments maintain that some of these investments do not 'speak' to their national and immediate priorities.

Alignment:

The evaluation has shown a wide variation in the extent to which alignment has occurred across the identified sectors.

Within the health sector there has been frustration among development partners with government's perceived failure to provide both leadership and management on where ODA can best contribute to complement government funding. Here there has been tension in and potential conflict over the role of NGOs in primary health care provision. Issues of sectoral coordination and cooperation have been repeatedly raised by development partners as matters which restrict the full alignment of support with national policies and programmes. However, foundations are beginning to align more with government systems and procedures and allocate funds directly to sector priorities. The recent adoption of the Aid Effectiveness Framework and the alignment of the Global Fund allocations to sector priorities are significant achievements attributable to both government leadership and the PD principles.

In the climate change sectors there have been attempts to align but with mixed results. In the water sector for example there have been extremely positive results. In the environment sector there is a history of strong bilateral alignment in supporting both the development and achievements in sector progression. Cross-sectorally, the current complexity in the overall institutional environment appears to make development partners feel somewhat ineffective, and very frustrated, but at a focal area level there has been a very significant alignment of ODA innovation in the introduction of support instruments. However there are inevitable tensions in the allocation and spread of relative priorities towards the different instruments and arrangements.

In the view of this team, all of these issues of alignment, if tackled properly over time, are healthy developments that are associated with the complexities in both sectors and in the overall aid effectiveness debates.

Further, extremely encouraging alignment is occurring at a rapid pace in the recent development of trilateral relationships and arrangements in the region.

Harmonisation:

In the Health sector, the trend is towards the allocation of funds into sector budget support as instruments of harmonization. However, the 'extent to which development partners are willing to harmonise among themselves depends on the extent to which they share development objectives not overshadowed by other commercial or political objectives incompatible with development needs.' The study shows examples where national interests can override this principle, and where development partners compete. The workings of the Aid Effectiveness Framework will be interesting in the extent to which it manages relationships towards greater harmonisation.

Across the climate change sector strong harmonisation has only recently started, with the 2008 attempts by the World Bank leading to comprehensive donor mapping. There are also assessments of the overall fit of ODA support with the country priorities and institutions. This has provided both government and the development partners with a tool to assess their contribution and establish mutual relationships as the overall sector progresses. Further harmonisation is occurring among EU Member States. This is likely to be formalised with IDC during 2011. The exceptional benefits of the harmonization achieved among development partners and the government in a sector budget support programme in the water sector are a good illustration of what can be achieved.

Overall, the green economy sector could be better harmonized and aligned through the adoption of sectoral or cross sectoral Aid Effectiveness Framework.

Managing for Results:

There are many progressive steps in the development of monitoring and evaluations systems in ministries and in the Office of the President. Previously M&E has been hampered by the adoption of different systems. The EC relies widely on South Africa's monitoring frameworks through result oriented budget support programmes, while it also contributes to the strengthening of these frameworks. New avenues of co-operation on monitoring systems are said to becoming open, with the recent shift from an output to an outcomes approach nationally. Inevitably there is a degree of contestation over the type and quality of the systems adopted and implemented. There has been much innovation and more capacity introduced recently by development partners.

Mutual Accountability:

The country has over thirty traditional development partners and many 'new' development partners. Government have established annual forums where this principle is managed, although it has not proved fully successful to date.

Inevitably there will be areas where mutual accountability and transparency does not occur, particularly with different instruments for measuring results, and in areas where trade and investment considerations overshadow local and national interests. There are also areas in the sourcing and allocation of development finance which may not be in the best interests of both parties therefore diminishing mutual accountability and transparency.

2.4.3. What has the Paris Declaration achieved for aid effectiveness and development results? How significant are these contributions? How sustainable? Is there evidence of better ways to make aid more effective and contribute more to development results?

ODA support along the lines of the PD principles can make significant contributions in a middle income country like South Africa if there is a clear understanding among all parties about the priority areas and what are the desired development outcomes.

These can mean different things to different interests; either in the national, provincial or local spheres of government, the development partners head and country offices, or within the coalition of partners as well as within the designated implementation office, and within the recipient and beneficiary communities. If not managed within PD principles the potential for multiple policy priorities and objectives occurs continually.

The sectors show a wide variation in the significance and sustainability of ODA support along PD lines. Our view is that at a national and sectoral level the contribution has been extensive and significant, both in the negotiation of policies and priorities and in the introduction of innovation. This is widespread across both sectors, and needs to be seen in the middle income country context and in terms of the specific sector progression. At this scale the sustainability issue depends on who takes ownership following the ODA programmes. South

Africa is experiencing a shift to regionalism which has strong implications for this countries own development trajectory and future. Hence ODA remains beneficial and contributes to a wider definition of sustainability. Moreover, a partial concentration of support into climate change related investments does not necessarily mean a lack of any further attention to traditional focal areas in the environment sector, since the investments should be inter related. Responding to climate change demands in water, for example, should effectively address existing investments.

Across both sectors there are significant gaps in coverage and in the impact of government spending. This has resulted in widespread social dissatisfaction. Demand for support will grow especially in the globally and nationally determined climate change focal areas. These will need to be continually addressed with the innovation and complexity of ODA experiences from elsewhere. The provincial case study in health shows the increasingly nuanced significance of ODA both in sector departments and in the NGO sector. While providing some contradictory findings, particularly regarding dependency, the overall prognosis of the progressive investment in ODA is positive. The case study also points to negatives, with a tendency to target HIV/AIDS, and not concentrate on widening and deepening support to family and individual lifestyle needs associated with the pandemic and in line with the achievement of the MDG's. The other contradictory aspect is in its tendency, when aligned to sectoral spending, to draw people out of the more 'alert' NGO sector.

Both sector evaluations point to better ways to make aid more effective. In climate change, the demand will most likely be in institutional alignment for implementation and in attaining policy coherence over time. Effectiveness thus becomes a matter of targeting 'gaps'. In the health sector the message is clear that it can be better used through a much wider application, increasing the range of priority areas for attention in line with the sector MDG's.

2.4.4. What effects has the implementation of the Declaration had on the respective burdens of aid management falling on partner countries and donors, relative to the changing volumes and quality of aid and of the aid partnership itself? Are these effects likely to be transitional or long term?

Any increased volumes of aid and the respective burdens from the implementation of the Declaration occur differentially. Nationally, the IDC has restructured, and introduced an Aid Effectiveness Action Plan in order to better deliver aid in line with sector priorities, in a positive response.

In the ministries interviewed the evidence differs between departments. One department is effectively using aid to support its expanding role regarding global commitments, and to deepen its provincial and local commitments (in the energy arena); this is likely to be a long term form of engagement with aid. Another does not have the capacity to provide the required oversight provincially for the associated investments and has not managed to arrange annual forums with development partners. One development partner reported that he is withdrawing support from one department, due to a perceived deficiency in the financial management in the department. It can be assumed that in the latter case the negative aspects are transitional.

For development partners, the shift to regionalism suggests that the burdens and complexity of aid are being positively embraced, while the growing national trends in partnerships and the EC desire for effective Working Groups for harmonisation shows a positive response. These arrangements are likely to be long term.

2.4.5 What has been the added value of Paris Declaration-style development cooperation compared with the pre-Paris Declaration situation, and seen alongside other drivers of development in the country, other sources of development finance and development cooperation partners beyond those so far endorsing the Declaration?

The main value added is the insistence on the principle of Country Ownership, and that of Alignment. Whilst to date these have had mixed effects they are likely to become increasingly important in the future. The importance of country ownership is now being exported to the continent through South Africa's development support to other African countries. Whilst the overall ODA investment in South Africa is relatively small its value continues to be in the innovation, depth and 'nuance' it brings with experiences gained from elsewhere.

In terms of South Africa's relationship with non traditional development partners not party to the PD, the value of the declaration is in the history and experiences of development cooperation, and in its long standing and ongoing efforts – across the spectrum of principles – to refine development effectiveness and development results. The PD can however be interpreted as overly conditional and prescriptive in relation to new development partners active in the country and in the region.

2.4.6. What are the key messages for a) national stakeholders, and b) donor countries and agencies?

National Stakeholders:

- a) Concentrate on two or at most three of the five PD principles. Work smartly and effectively around these to achieve greater aid effectiveness and better development results.
- b) Be innovative in the use of aid to try and address structural issues and problems within the economy and in intergovernmental and interdepartmental relations.
- c) Target aid at new and emerging conditions as they arise and to difficulties in sector performance as they emerge.
- d) Do not allow a sector or sub sector to become saturated with ODA support since this increases complexity and dependency.
- e) If things are not working try and develop alternative solutions to the problems/issues being addressed.

Donor Countries and Agencies:

- a) Align intelligently. Get your agency relationships working effectively.
- b) Harmonise effectively around existing and new challenges.
- c) Continue with innovation and spread the positive benefits widely.
- d) Focus on sectors where you can add value and align with government priorities in these sectors.
- e) Avoid mixing or blurring other considerations with development priorities.
- f) Continue to widen your horizons and relationships to enable recipient countries to meet their growing suite of global commitments.
- g) Avoid patronising people and don't overload them with your procedures. Simplify, simplify, simplify.

2.4.7. What are the key implications for aid effectiveness in the future taking account of new challenges and opportunities (e.g. climate change) and new actors and relationships?

The predominant challenge for aid effectiveness is in the promotion of conditions for sustainability, taken in its broadest sense. This implies deeper, wider, better aligned and harmonised support into the sectors and sub-sectors in all spheres of government, and with the private sector and the voluntary sector.

The predominant opportunities in climate change are in promoting an intelligent alignment of country priorities with the global commitments, both multi-laterally and bi-laterally, and in doing so supporting the development of institutional relationships and partnerships that effectively address the main challenges in mitigation and adaptation.

The predominant challenge in relation to new actors and relationships is to deepen the trilateral cooperation evidenced to date, share ideas and experiences without promoting own interests, and to adapt to the country specific circumstances and characteristics in a manner that enhances sector progression.

3. Key Lessons and Recommendations (if applicable) around the Common Evaluation Questions

Lessons

Despite middle income status and strong resources for development, this evaluation has evidenced that local, regional and global development challenges for South Africa are both compounding and increasing exponentially. Fully meeting the MDG targets will be more than challenging. Most of these challenges are cross-sectoral, often 'transboundary' and frequently transnational. Both traditional and non traditional development partners will therefore have to considerably widen the scope of their activities. Aid therefore has a major role to play in national and regional development and its role should not be underestimated in a middle income country.

One lesson is that political changes nationally and in sector departments can alter the nature of country ownership and the organisation and operation of the balance of the PD and AAA principles. The health analysis in this evaluation shows how a change of President and a new Minister of Health in 2008 improved the 'climate' for aid. In the DEA, a new minister has just been appointed, from a completely different portfolio and it remains to be seen whether this impacts on the operation of the PD principles

Such changes in institutional memory (at Ministerial level) do however provide opportunities for the development partner community to engage in key challenges together, since, for example, South Africa is hosting the next UNFCCC Conference of the Parties (COP 17) in December 2011. Development partners are already mobilising to support the South African capability to both arrange and manage this meeting, partly in anticipation of gaps and 'lacunae' arising from such changes.¹¹⁶ This is an ideal opportunity for harmonisation.

Returning to the health sector, post 2008, strategic interaction among development partners, foundations and global funds, has promoted and supported effective new policies and programmes which are being introduced nationally. New partnerships are emerging, along with the Health Aid Effectiveness Plan linked to a National Service Delivery Agreement.

While there are some limits evidenced both nationally and in the KZN case study, there is progression in the national and provincial organisation of aid which is largely due to increasing political, strategic and procedural engagements. This has been enhanced by the operation of the PD principles of ownership, alignment and harmonisation. These are important achievements across a complex sector. There has been and will continue to be much learning, especially around the role of the voluntary sector, the targeting of HIV/AIDS, and some potential aid dependency.

The lesson is that if aid is to be more effective in complex sectors, it must be better organised around the PD principles.

In the cross cutting climate change sector, evidence of the implementation of the PD principles has been less pronounced to date. In fact, in an extremely 'busy' sector, their partial absence is apparent. Over the past decade some significant new investments and much innovation has been driven by the development partners. Past and recent national policy development and some practice have been supported sectorally on a bilateral basis, and multilaterals are engaged with two major instruments for the funding of climate change mitigation and adaptation activities. In spite of recent policy making there remains a degree of policy incoherence and limited institutional alignment to effectively address global and national priorities and targets. The 'nexus' of country ownership, alignment and harmonisation is not well managed, with the strong exception of the research sector, where

¹¹⁶ Interview: GTZ. Pretoria. December 2010

the Department of Science and Technology has marshalled aid collaboratively in support of a highly developed and well refined programme of national and global challenges which include climate change, and within strong principles of country ownership.

The emerging lesson is that where there is no 'second level' Aid Effectiveness Plan or framework for a complex, or cross cutting sector - or sub sector (beyond the National Policy Guidelines and Frameworks for Implementation of Aid) the adoption of the PD principles are likely to be diluted. The example of collaboration in the water sector highlights how a complex sector can attain a highly desirable degree of alignment and harmonisation over time. This can only be achieved where national and sector coordinating mechanisms are working well. The national coordinating council for climate change which could do much regarding the promotion and enhancement of the Paris and Accra principles is said to be under performing reflecting the complexity in the range of institutional arrangements to give effect to national policies - a common problem in many countries.

Lessons to date therefore suggest that the twin challenges in the climate change sector for better aid effectiveness and development outcomes are;

- The achievement of a national institutional platform, framework and 'house' for cross-sectoral and sectoral investments. The development partner community can make a valuable contribution in contributing to defining such arrangements.
- An effective arrangement which supports and promotes country ownership, alignment and harmonisation, such as an Aid Effectiveness Plan. This, importantly, should lead to better priority setting and targeting across the key areas of demand and gaps in need, and therefore improved aid effectiveness and better development outcomes. Much still needs to be done to ensure aid effectiveness in the climate change sector.

Recommendations

- a) Aid from both traditional and non traditional development partners should continue to have a role in South Africa; even with its middle income status and considerable own resources. This is because of the countries widening and deepening development challenges. Aid continues to bring innovation and learning from other regions. It is, and should continue to be used as a resource to trigger change, in affecting upstream policy development, in unblocking bottlenecks and thus promoting delivery at a greater scale, as well as for innovation, not only based on other regional experiences, but also in exploring indigenous solutions to local challenges.
- b) The country and its development partners need to strengthen the organisation and implementation of the PD and AAA principles, through:
 - The adoption of an instrument similar to the Windhoek Declaration and the Jakarta Commitment. The Windhoek Declaration aligns International Cooperation Partners to specific 'Thematic Areas' led by specific development partners which coordinate other ODA support for the SADC Secretariat, for transnational development challenges, as well as related SADC member country sectoral development. South Africa would benefit considerably by adopting a similar strategy in a 'New Charter' – practically negotiating that a lead development partner coordinate and manage support either i) sectorally or ii) across one of governments 12 national outcome areas defined in the 2009-2014 MTSEF. The current Aid Effectiveness Action Plan would thus have to be revised. This Charter could also provide for the establishment of a common platform and arrangements for the incorporation of non traditional development partners from the 'South' and their collaboration and participation with traditional partners nationally and regionally. The Jakarta Commitment provides a common platform for, and makes explicit the linkages between, traditional bilateral assistance, South-South Cooperation and their collective roles nationally and in the respective region. There

is a second order recommendation relating to this in Section Six: Key Implications beyond the Planned Term of the Paris Declaration.

- Increasing global commitments, regional cooperation and South-South cooperation means that more national resources and capacity need to be used to enhance South Africa's aid effectiveness agenda, and its role in Africa as a non traditional development partner. Consideration should be given to the enhancement of capacity, resources, and knowledge in achieving complementary roles and relationships between the IDC and the planned South African Development Partner Agency (SADPU) in managing development support (both 'inbound and outbound'). While the IDC view is that there 'will obviously be relations/collaboration and the bringing together of expertise once SADPA is established', consideration could be given to merging the two units and significantly increasing the capacity of the resulting unit, over time. As a result transaction costs for development partners, national departments and the two respective units would decrease considerably.
- The lessons from this evaluation need to be widely disseminated to other sectors. Similar evaluations should be applied either:
 - on a sectoral basis to the water sector, energy sector with its state owned enterprises and to transport, agriculture and education, amongst others, or
 - at the wider 12 national outcomes defined in the 2009-15 MTSF.¹¹⁷ The insights gained in this short evaluation are that the following would benefit; Outcome One: Improving the quality of basic education; Outcome Seven: Vibrant equitable and sustainable rural communities and food security; Outcome Six: An efficient and competitive and responsive economic infrastructure network and Outcome Ten: Environmental assets and natural resources that are well protected and continually enhanced.

These sector or outcomes specific experiences need to be systematically gathered and possible ways forward assessed including the development of aid effectiveness action plans, similar to that in the health sector. Such arrangements have a high potential for both government and development partners to collaboratively improve priority setting and targeting across the key areas of demand and gaps in need, and therefore improve development results.

¹¹⁷ The team thanks the Chief Director of the IDC for highlighting this alternative way of supporting national objectives.

4. Findings on the Country-Specific Evaluation Questions (if adopted) [Possible sub-headings]

No country-specific Evaluation questions were adopted

5. Key Conclusions, Lessons and Recommendations (if applicable) around the Country-Specific Evaluation Questions (if adopted) (Breaking out conclusions, lessons and recommendations)

No country-specific Evaluation questions were adopted

6. Possible Key Implications beyond the Planned Term of the Paris Declaration

African charter

As noted in section 4, South Africa and its development partners need to strengthen the organisation and implementation of the PD and AAA principles, through the adoption of a Charter and arrangements similar to the Windhoek Declaration and the Jakarta Commitment.

A further key implication arising from this recommendation, in relation to the preparations for the Busan Fourth High Level Forum on Aid Effectiveness, is that the adoption of a restructured PD instrument or charter in South Africa should be done in terms of the opportunities for its reorientation and integration with the 'thrust and structure' of similar continental commitments, particularly with the proposed African Declaration being developed through the African Platform for Development Effectiveness, managed by the NEPAD Secretariat.

The movement on the continent towards the clear definition of a coherent multiparty African and South-South Development Cooperation and Aid Effectiveness Agenda is intensifying rapidly. Section 1. D.i) Box Eight evidenced the outcomes of the first African Regional Meeting on Aid Effectiveness in South Africa, of the African Platform for Development Effectiveness and co-hosted by NEPAD and the EU. The platform was endorsed by the AU Heads of State in Kampala, Uganda and is being developed and managed by the NEPAD Secretariat. Some key messages were that the PD and AAA continue to provide the necessary entry points for Africa to constructively engage with the aid agenda, and that a paradigm shift in the aid relationship is required to ensure genuine partnership and dialogue based on equality with a focus on country priorities. The consensus was that South-South cooperation continues to be a promising mechanism to be formalized in public policy design. However, this requires the consistent integration of capacity development in South-South practice.

In November 2010 in Tunis, the Second African Regional Meeting on Development Effectiveness confirmed the ongoing maturity towards the establishment of a common agenda for aid effectiveness that is country led, coherent, coordinated and results driven. 'A common and consolidated African voice is fundamental to reshape the global development architecture and thus have an impact on policy design and implementation'. The most desirable shift agreed at Tunis was the need for a more decisive orientation towards development results, the embracement of regional objectives while focusing on national objectives, and the effective harnessing of external resources for joint regional integration. The BRICS were again viewed as a huge opportunity for the continent, and here, Africa needs strategic leadership to shape and set priorities to effectively marshal resources for development. The overarching key message from Tunis was that among all development partner interests, Africa should define and articulate national interests and development needs to effectively marshal resources, consciously drawing on the synergies between the three themes of Aid Effectiveness - South-South Cooperation, Capacity Development and building on regional peculiarities whilst drawing on what works within the broader global framework.

'Pursuing these main principles would result in one overarching and 'synthesising' African Declaration and a set of appropriate principles for enhancing aid effectiveness and development outcomes. This African Declaration could form one of the inputs into the 4th High Level Forum on Aid Effectiveness. It could also provide a basis for a revised continental

aid effectiveness forum and official agenda beyond the planned term of the Paris Declaration.’¹¹⁸

The implication of this for the recommendations from this evaluation, is that the national PD and AAA agreements and commitments should be reshaped within a new ‘Charter’ to configure to the principles and arrangements emerging from the proposed African Declaration, incorporating support principles and processes from all of traditional and new development partners, with a stronger focus on development results. Support could be sought from the responsible Nepad Secretariat in designing the Charter.

Middle income country assessment

A final implication, also in relation to the post Korea consensus and commitments, is that consideration should be given to a number of issues which have been raised concerning the respective capabilities and circumstances of the five participating middle income countries (South Africa, Columbia, Vietnam, the Philippines and Indonesia). These issues relate to,

- their middle income status;
- the manner in which they therefore receive, use and manage aid, given their greater in-country resources for development;
- their respective regional roles and relationships in development partnerships, including traditional North- South bilateral relationships, trilateral relationships in their respective regions, and of course South - South relationships.

The recommendation here is that a Working Group be established, led by one of these countries, to design and drive a comparative assessment of the situation in respect of these issues, how they are being addressed both nationally and regionally, what are the respective directions being taken by each country, the balance of power and the forces at play, and what is working and not working. The key overarching issue is what forums, arrangements and modes of cooperation in relation to their own national and regional development challenges and aid effectiveness agendas best suit these middle income countries that are themselves emerging development partners.

These matters are important, and will have strong implications for the aid effectiveness and development results debate, and the organisation of the ‘architecture and systems for the global governance of aid,’ beyond the planned term of the Paris Declaration.

¹¹⁸ NEPAD CEO: Closing Remarks at the 2nd Africa Regional Meeting on Development Effectiveness November 2010,