EXECUTIVE REPORT

JOINT REVIEW OF THE CIDA–SOUTH AFRICA PROGRAM

1994 TO 2002

BUILDING TOGETHER FROM STRENGTH

Governance

Human Resource Development

Economic Development

Civil Society

Evaluation Division

Performance Review Branch

NOVEMBER 2003

Canada

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Foreword

We wish to thank all participants for their contributions and co-operation. Information was given freely and thoughtfully in the interest of improving development cooperation with the peoples of South Africa.

We also wish to acknowledge the interest, support and encouragement from the International Development Co-operation, Treasury Department, Republic of South Africa and the South Africa Program Managers at the Canadian International Development Agency.

The views, positions and recommendations in the main report are solely those of the Review Team, who remain accountable and responsible for all contents.

This Executive Report has been prepared by the Evaluation Division of CIDA's Performance Review Branch as a concise means of providing information for consideration in the development of the upcoming 'country development planning framework'.

Management Response

The Review of the CIDA Program in South Africa 1994-2003 was initiated by the Government of South Africa, and jointly managed by CIDA and South Africa Treasury. Performance Review Branch (PRB) took the lead on CIDA's behalf, in order to ensure the independence and quality of the process.   PRB worked closed with the bilateral desk, Partnership Branch and the Post. PRB in consultation with Treasury contracted Goss Gilroy to perform the review, which deployed a team of South African and Canadian consultants. The consultants examined a portfolio of projects representing well over 50% of the total CIDA bilateral program in South Africa 1994-2003. They carried out 115 interviews with a range of project personnel, beneficiaries and stakeholders. They also reviewed a number of Partnership Branch projects in South Africa.

We appreciate the manner in which the Review identified and assessed key factors determining the success or otherwise of projects, these relate principally to the degree of involvement or ownership on the part of the South African side. The Review highlighted the theme of partnership, how to define it, how to achieve it; this will be the key theme of the new CDPF. It made a strong case that the new CIDA program be more strategic, consistent with the changing environment in South Africa and the Strengthening Aid Effectiveness policy in Canada. We support its recommendations that CIDA's program in South Africa increase emphasis on HIV/AIDS, provide more support for civil society, and harness South Africa's regional role. We agree with the view that gender equality requires more attention. Furthermore, the Review recommended an increase in the human resource allocation for the South Africa program, along with steps to improve policy coherence within and outside CIDA.

We found the Review independent, coherent, comprehensive and strategic, it achieved a high degree of consensus and credibility with CIDA, South African Treasury and stakeholders. The findings have provided our Program with the foundations for our new Country Development Programming Framework, and served as the basis for discussion for the Consultations held with our South African partners, Canadian government and civil society stakeholders, and for the Performance Review Framework. In the future it would be advisable when initiating such country program review process to build in from the outset this downstream work.

We appreciate the leadership shown by PRB on this Review, the level of collaboration achieved within CIDA and with the Post, and the extent to which the Review drew on and advanced the CIDA/South Africa partnership.

Michel Lemelin
Regional Director
Southern Africa Program (BFO)
Africa and Middle East Branch, CIDA

List of Acronyms

AIDS	Acquired Immune Deficiency Syndrome
AMEB	Africa and Middle East Branch, CIDA
ANC	African National Congress
AUCC	Association of Universities and Colleges of Canada
CABSA	Canadian Alliance for Business in South Africa
CIDA	Canadian International Development Agency
CPB	Canadian Partnership Branch, CIDA
CSO	Civil Society Organizations
FET	Further Education and Training
GDP	Gross Domestic Product
GEAR	Growth Employment and Redistribution Strategy 1996
HIV	Human Immunodeficiency Virus
HRD	Human Resource Development
ICT	Information and Communications Technologies
INC	Industrial Cooperation Division, CPB
LRC	Legal Resources Centre
MTEF	Medium Term Expenditure Framework
NCASA	National Co-operative Association of South Africa
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organization
NQF	National Qualifications Framework
ODA	Official Development Assistance
RDP	Reconstruction and Development Program
SA	South Africa
SADC	Southern African Development Community
SAITIS	South Africa Information Technology Industry Strategy
SAMP	South African Migration Project
SAQA	South African Qualifications Authority
SNG	Non-Government Organization Division, CPB
SPC	Institutional Cooperation Division, CPB
TA	Technical Assistance
TAF	Technical Assistance Facility

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I Introduction

South Africa's government is developing a more formal process for managing donor contributions to development cooperation. This Joint Review of the CIDA–South Africa Program (1994–2002) is seen as CIDA's first step towards becoming an active participant in this process. What is learned will be used to help the National Treasury and CIDA establish foundations for a new South Africa–Canada Development Cooperation Strategy.

The review responds to a formal request from the International Development Cooperation Chief Directorate (IDC), South African National Treasury. This request was consistent with those extended to other bilateral donors participating in South Africa.

With a total CIDA program budget of just over $132M for the period 1994-2002 and with the Agency contributing to almost 300 projects, the review offered expansive and fertile ground for learning about what has worked in the South African context – what hasn't – and what improvements should be introduced. An emphasis was brought to: 1) CIDA's four central programming themes: governance, human resource development, economic development and, civil society, and 2) how Canadian and South African organizations and individuals worked together to achieve results during a rapidly evolving time in the country's history. Program delivery was carried out largely through partnerships between Canadian and South African organizations (e.g. government departments, NGOs, universities and companies).

<u>About this Report</u>

This executive report indicates how well CIDA programming responded to South Africa's priorities for development cooperation during the post–apartheid period, and makes key recommendations for the future. Elaboration on the information brought forward in this report can be found in the main report for the joint review.

The report first profiles the review describing what was done. Individual sections then summarize the key contextual factors that have shaped post–apartheid South Africa, what results were achieved by the Agency's investments in four thematic foci (governance, human resource development, economic development, civil society), and what was learned about partnerships, gender equality and sustainability. The conclusion summarizes how the CIDA–South Africa Program has performed and how the Agency's programming has responded to the country's needs. Key recommendations put forward by the joint review team are used to identify emerging trends and presents strategic considerations for going forward, where CIDA should concentrate its ODA efforts, how this should be done, and what should be done differently.

II About this Review

A full-fledged partnership

The joint review represents a true partnership between CIDA and the South Africa Government. Officials from both entities participated throughout the evaluation process from the development of the terms of reference and the selection of consultants, to report finalization and the sharing of results.

The review was designed to: 1) assess the relevance, effectiveness, and outcomes/impact of the current strategy, 2) distill key findings and lessons learned, 3) identify the potential for longer term institutional relationships that complement Canadian and South African strengths, 4) assess Canada's existing development cooperation priorities and South Africa's development priorities, and 5) present recommendations. An emphasis was brought to South Africa's evolving social, economic, and political context, and CIDA's four thematic foci for development cooperation in South Africa

Essentially, the review consisted of:

✓ A literature and documentation review (CIDA's country program and project level documents; and South Africa's Official Development Assistance management policies, processes, and procedures), and
✓ An assessment of an illustrative rather than representative sample of 15 projects, mainly representing bilateral programming by Africa and the Middle East Branch (with a sampling of responsive programming supported by Canadian Partnership Branch).

Following sample selection, team members reviewed all available project documentation (e.g. project approval documents, logical framework analyses, results statements, performance reports, evaluations, project closing reports). For each project selected, the team undertook a series of interviews with the CIDA project officer, the implementing agency or the partner organization staff in Canada and project staff in South Africa, and the project beneficiaries and stakeholders. In total, 115 interviews were carried out with a wide range of stakeholders and program participants. Note: This Review was not meant to be a detailed review of each project but, serve as a unit of analysis to draw inferences from and for the program.

Group meetings were held with South Africa government officials, implementing partners, other donors and other stakeholders to discuss and validate the Review's findings, conclusions and recommendations.

Project Sample

The 15 projects sampled had a total value of $76.5M,
representing close to 60 percent of the total disbursements of
$132M. Of the sample, governance projects accounted for
$34.1M, human resource development for $22.0M, economic
development for $15.4M, and civil society for $5.0M.

Africa and Middle East Branch's contribution amounted to
$65.1M, Canadian Partnership Branch (INC) $7.5M, and Canadian
Partnership Branch (non–INC) $4.0M. The appendix provides a
listing of the sample projects, along with project values, phase
and programming branch.

III Background

3.1 Key Contextual Factors

The following sections describe the key conditions, developments and circumstances that helped shape South Africa's economic, social and political landscape during the post–apartheid transition period:

Overwhelming Economic and Social Disparities

South Africa is a resource rich, middle–income country that is characterized by one of the most unequal distributions of income in the world and gross disparities in accessibility to basic services (e.g. clean water, sanitation, education, health), and employment and economic opportunities. These conditions reflect a pronounced racial bias.

Chief Government Responses

After the democratic elections in 1994, the 'Reconstruction and Development Plan' (RDP) became the de facto 'blueprint' for transforming social, economic and political structures to address past inequalities and promote growth and sustainability.

Recognizing the need for economic growth, the Growth Employment and Redistribution Strategy (GEAR) was introduced in 1996 to: 1) provide a strategic framework for monetary, fiscal and labour market decision–making, 2) attract investment, and 3) ensure that South Africa becomes an attractive trading partner.

In 1998, the 'Medium Term Expenditure Framework' (MTEF) established three-year budget cycles dedicated to meeting basic needs; accelerating infrastructure development; economic growth, development and job creation; human resource development; safety and security; and the transformation of government. MTEF frames social development and economic growth as being of equal importance.

In 2001, the government announced the 'Integrated Sustainable Development Program' and the 'Urban Renewal Strategy' to promote integrated planning and implementation.

<u>Paradigm Shift in Official Development Assistance Funding</u>

Prior to 1990, Official Development Assistance (ODA) funding largely bypassed the state to support anti–apartheid bodies and civil society organizations, contributing to the establishment of a significant anti–apartheid movement. Since 1994, ODA funding has been directed to the South Africa government for the purposes of institutionalizing democracy and developing wide–ranging policies with a focus on poverty reduction.

The management of ODA moved from a disparate and independent set of bilateral arrangements with individual recipients to a centralized framework that recognized the South African Government as the principal development engine in the country. South Africa's embrace of a macro neo–liberal economic framework and democratic principles has facilitated a strong alignment between donor and government interests in the governance sector.

<u>Declining ODA Funding</u>

ODA commitments currently constitute only about one percent of the South African government's budget and account for less than 0.3 percent of GDP. ODA has been declining since 1997 as a proportion of the Government's own resource commitments, and this trend is expected to continue.

> South Africa has largely completed building the institutions and policies of the new post-apartheid era, and the government is now focusing on strengthening its ability to implement and deliver services. At the same time, it is faced with the devastation of HIV/AIDS (now afflicting some five million (almost 12%) of South Africans).

3.2 Profile: CIDA–South Africa Program

Consistent with other donors, CIDA supported South Africa during the latter stages of the apartheid period through support for non–governmental organizations. Starting in 1995, the bilateral program for South Africa was committed to the reconstruction and development of South Africa during the post-apartheid transition period. Many of the early projects stemmed from the close relations that had developed between the African National Congress (ANC) and Canadian political leaders, and high–level requests for technical cooperation by the new ANC government that reflected the congruency that existed between Canadian and South Africa's government structures and values.

Significance

From 1994 to 2002, the total CIDA program budget for South Africa was approximately $132M and comprised almost 300 projects. Of this, Africa and the Middle East Branch (AMEB) administered $90M, Canadian Partnership Branch (CPB) $38M, and Multilateral Branch $3M. Annual disbursements averaged about $14.5M a year.

Exhibit 1: Budget Breakdown by Branch (94-02)
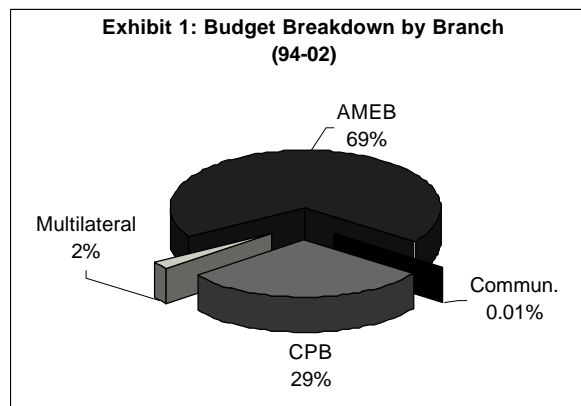
Themes

In 1995, CIDA agreed to launch programming in four thematic areas:

- Governance: Support for constitutional development, and the restructuring and strengthening of government/public sector institutions (at federal, provincial, local levels)

- Human resource development: Support for improving accessibility to and quality of education and training (at all levels within the society)

- Economic Development: Support for general economic development with an emphasis on the establishment of broader-based economic participation, and the provision of appropriate Canadian technology and skills to improve South Africa's comparative economic advantage and competitiveness, and

- Civil Society: Support for the strengthening of the capacities of institutions and organizations within the general civil society.

Governance programming accounts for $49.4M of the total CIDA–South Africa Program (1994–2002) budget, human resource development $29.1M, economic development at $25.3M and civil society $22.8M. Note: There was also $5.4M in non-project funding to account for $132M.

Exhibit 2: Total Program Budget by Theme

Gov 39%

HRD 23%

Economic Devt 20%

Civil Society 18%
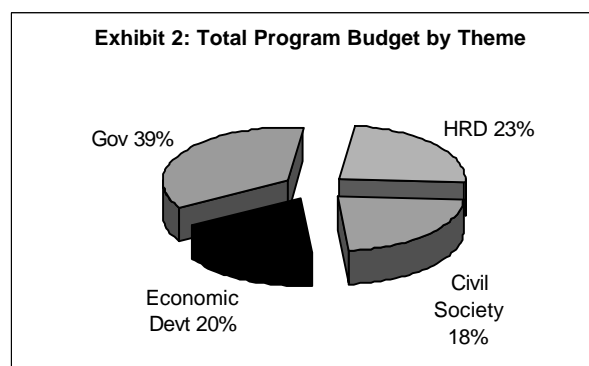
CIDA's South Africa, Lesotho, Mauritius, Namibia, and Swaziland Program is staffed by a Director, two senior development officers and a program assistant. In Pretoria, the program is supported by a Cooperation Office in the High Commission , which comprises a Head of Cooperation, First Secretary, Cooperation; Gender and Canada Fund Coordinators; an administrative assistant; and a Coordinator, Technical Assistance Facility.

IV Review Findings

4.1 Relevance to South Africa's Needs

When assessing relevance, it was important to recognize that the plans and priorities of the South Africa government (largely established by RDP in 1994, GEAR in 1996 and MTEF in 1998) did not always represent the entirety of the country's needs. While the overarching goal during this period has been poverty reduction, there was also a fundamental need to strengthen civil society and to address the HIV/AIDS epidemic.

When the review team looked at how CIDA's programming was aligned with the priorities being pursued by the government's cooperation management system, the Agency's four development themes were found to line up well with four of the eight MTEF priorities (primarily through the scope offered by the governance and human resources development portfolios). The building of civil society and direct work with the private sector responded to other development needs.

The relevance of CIDA programming to South Africa's needs was favourably demonstrated by the following findings:

- Post–apartheid, the Agency dedicated more than a third of its ODA budget to the very critical area of governance. The review found that CIDA's governance programming was clearly aligned with South Africa's contextual priorities (e.g. transition to democracy, constitutional development, promulgation of the rule of law, strengthening the justice system, public sector transformation).

- The emphasis on human resources development responded to a medium–term issue with long–term implications for the majority of South Africa's population. A broad–based approach addressed contextual realities (e.g. management of the school environment, building provincial level capacity, teacher training, access to skills development by disadvantaged groups).

- Partnering with Non-Governmental Organizations (NGOs) and community-based organizations (CBOs) enabled CIDA to reach and support poor, marginalized groups in ways that the government did not.

- CIDA's focus on gender equality as a cross–cutting theme for social development responded to high levels of female poverty, and pervasive sexual and non–sexual violence against women.

- CIDA's technical assistance programming was found to be relevant and responsive. South Africa is a relatively sophisticated country but lacks specialized management capacity (particularly at provincial and local levels). CIDA programming was responsive to a high priority need for technical assistance that provided innovative solutions.

On the other hand, the Agency's declining financial commitments to civil society (which were consistent with most of the donor community) only exacerbated the impact of a decline in NGO capacity (brought on by a flight of skills to the public service), and their inability to adapt effectively to the post–apartheid era. CIDA's economic development programming did not directly address the key issues of income distribution and employment, focusing more on mutually beneficial trade and investment linkages. Also, Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) was not accorded any real priority, although the issue was somewhat addressed through a number of small disparate initiatives.

4.2 Governance

The historic settlement that framed post–apartheid South Africa helped to limit civil unrest and confrontation, and provided innovative forms of power sharing and limits to majority rule. The formation of a Government of National Unity in 1994 established co-responsibility for governance between minority and majority parties. A sunset clause provided the 'old guard' continuity and stability through job security. Minority parties benefited from proportional representation and an array of institutions became vigilant watchdogs ensuring against the arbitrary use of political authority.

A survey by the National Economic Development and Labour Council (NEDLAC) found that the first five years of democratic government had led to significant advancements in the lives of ordinary South Africans, with close to 50 percent of respondents indicating that the provision of water, housing and health had improved since 1994. This survey also highlighted job creation and welfare grants as problem areas, and revealed the existence of significant discrepancies between urban and rural areas in the provision of social services.

President Thabo Mbeki's address at the opening of the new parliament on 25 June 1999 emphasized the need to accelerate service delivery: "It is…vital that we improve the quality of spending…and therefore the delivery of services to the people. This will be done by … ensuring an integrated, inter–departmental approach to the delivery of services". Government planning, however, was mitigated to a degree by: 1) inabilities at the municipal level to produce integrated development plans that reflected community needs, 2) rules that prohibited joint programs between government departments, 3) the lack of a critical mass of committed public servants and inadequate program management skills across the public sector.

The most significant innovation was the formal adoption of 'developmental local government' as the cornerstone of development policies and programs. By way of the White Paper on Local Government (1998), the Municipal Structures Act and the Municipal Systems Act, municipal government has come to the fore as arguably the most important level of government in promoting development. Yet, decentralization to the provincial system has been less than successful as many provinces have struggled since 1994 to transform their administrative institutions and systems to handle increased socio–economic and developmental responsibilities (e.g. KwaZulu-Natal, Eastern Cape, Northern Province). While the White Paper on Local Government develops a vision of the developmental role of local government, this vision is worlds apart from the reality in rural areas where the governing presence during apartheid was Traditional Authorities.

Other key challenges include establishing a culture of democracy, developing the capacity to make government effective and accessible, ensuring the Rule of Law, and combating the serious deterioration of the criminal justice system.

CIDA's Contribution to Results

Within this context of an evolving democracy, the CIDA bilateral program placed a priority on programming in the Governance Sector. In the post-apartheid transition period governance was perhaps the most important area to work in and CIDA programmed over a third of its resources in this area in a highly responsive fashion ($48.4 million for 39% of total CIDA program). CIDA funded more than thirty projects in this thematic area which include the following sample projects: Constitutional and Legal Development Project; Justice Linkage Project; Governance/Policy Support Project ; and the South African Migration Project (SAMP) (see Appendix I for additional details).

There has been a clear CIDA alignment of programming with the South African contextual priorities in the governance area. CIDA made significant contributions to capacity building in the legal system, the machinery of government and in the understanding of migration issues. Of particular note are the results being realized by disenfranchised groups who, through the Agency helping to develop their abilities to

interpret the Constitution, have been able to demand their rights through litigation. Specifically:

- CIDA's two elections support projects designed for the 1994 elections helped to build the capacity necessary to carry out free and fair elections at both the national and local levels, and to support voter education amongst those South Africans traditionally isolated from democratic processes.

- The Constitutional and Legal Development Project strengthened the capacity of the Legal Resource Centre and through the creation a Constitutional Litigation Unit. This unit averages about 50 cases annually dealing with issues ranging from land claims, to access to social benefits, to women's rights. Results include the submission of numerous successful cases before the Supreme Court, the Land Claims Court, the Truth and Reconciliation Commission and the Constitutional Court. Cases litigated include the first decision from the High Court on class actions with regard to access to state disability grants, women's rights with regard to the Customary Law of Succession, housing rights, access to HIV/AIDS retrovirals, employment discrimination on the basis of HIV/AIDS status, and land claims. These cases have had a profound effect on governance and have set an example for civil society interaction with the state and its legal frameworks. Judgments have also had important effects on how judges and lawyers see the law and in the messages that cases send.

- The Justice Linkage Project, which endured problems related to design and delivery, reached 1,400 magistrates (50 percent of the universe) and a number of judges through direct training, networking and the distribution of publications. It is likely too early to determine if this project has resulted in changed attitudes and practices towards race, social conditions and gender. However, there exists some anecdotal evidence of increased understanding of diversity, the dimensions of poverty and its social context.

- The Governance/Policy Support Project was arguably Canada's highest profile project during the early years of post–apartheid South Africa. It began with a request from Nelson Mandela to Prime Minister Mulroney for cooperation in establishing the necessary machinery of government for the new administration. Although the activities and the immediate outputs of this period have been well documented, it is difficult to track the lasting impact of the interventions. Regardless, what was clear was that during the early years, the project focused on assisting the highest levels of government with establishing policies, procedures and systems. In addition, a "one-stop shopping service delivery" mechanism for budgeting, results based management, and cabinet procedures and public consultations was established in the Northern Cape region.

- The Technical Assistance Facility, initiated in 1996 to support public sector transformation, led to the inclusion of substantive Canadian content in government green and white papers, the revision of legislation based on Canadian examples, the introduction of new programs and services based on Canadian models; major institutional reforms and restructuring; and ongoing relationships with Canadian government staff and institutions.

- The South African Information Technology Industry Sector Project (SAITIS) contributed to the establishment of the Information and Communications Technologies Development Council, a public–private partnership that has been instrumental in providing a forum for strategic communications.

- The South African Migration Project has had a profound influence on the national debate on migration and developed an information bank that proved useful to a range of institutions and bodies. Media attitudes as a result of a public awareness campaign have changed the tenor and sophistication of reporting on migration issues in South Africa.

4.3 Human Resource Development

Making quality education accessible and responding to labour needs in an increasingly competitive global economy have been, in short, monumental challenges. The adverse effects of Bantu education were wide–ranging and significant. By 1990, 66 percent of the population between 16 and 34 were reported to be functionally illiterate, with a majority of this group coming from the black population. Furthermore schools attended by blacks were not only under–resourced and understaffed, they were also experiencing high dropout and failure rates. South Africa faced total collapse of the teaching and learning culture in its black schools.

Government responses have included:

- Key milestones related to higher education have been the publication of the report of the National Commission on Higher Education in 1996, the White Paper and *Higher Education Act* of 1997, and the release of the National Plan for Higher Education in 2001. The trend for higher education since 1994 has been towards the reintegration of higher education with global trends. A single, national, coordinated system of education has now taken the place of the 15 independent structures under apartheid.

- The National Qualifications Framework (NFQ) was implemented in 1997 to equalize the education and training playing field.

- In 1998, the Department of Education laid out a forceful agenda with pressing time-frames for policy development and implementation strategies in its "National Strategy for Further Education and Training (FET), 1999-2001". Thus, the education and training sector is now positioned to play a major role in meeting government delivery imperatives with respect to skills development and job creation.

- South Africa's new human resource development strategy, "A Nation at Work" (2001) endorses an increasingly global trend for governments to locate their entire education and training policies from early childhood education to universities within the context of a broader strategy designed to achieve certain economic goals. Such goals include improving the social infrastructure of the country, reducing disparities in wealth and poverty, developing a more inclusive society, and improving South Africa's position on the international competitiveness table.

Today, the South African education system accommodates more than 12.3 million learners, 300,000 university students and 190,000 technikon students. The system encompasses 29,386 primary and secondary schools, 375,000 educators, 5,000 inspectors and subject advisers, and 68,000 officials, managers and support personnel. There are 156 technikons (technical colleges) accommodating 125,000 students in the further education and training sector, and 21 universities and 15 technikons in the higher education sector.

Yet, critical problems persist. Capacity issues and decentralization problems beset the implementation goals of the state. In 2001/2002, eight provincial education departments massively under spent available funds due to an inability to staff 40 percent of posts, widespread failure to provide textbooks at the beginning of the school year, and considerable inertia in provincial planning to improve school infrastructure. This alarming circumstance was a major focus of Minister of Education Kader Asmal's latest "Report on the Provinces to the President".

In the highly skewed labour market, total employment has been declining although the demand for highly skilled human resources has been increasing. The higher education system traditionally paid little attention to the needs of the labour market. Graduates typically do not possess the skills the economy needs to make great strides.

Although AIDS will impact more on the semi– and unskilled segments of the labour force, the impact on the skilled and highly skilled segments of the labour force will be substantial. It is anticipated that about 13 percent of the highly skilled segment and 23 percent of the skilled segment of the labour force will be HIV-positive by 2005.

CIDA's Contribution to Results

As discussed earlier in the report, the second main area of emphasis in the CIDA program has been in the area of human resource development and education. ($30 million by all branches for 23% of total CIDA program). In selecting the HRD area CIDA responded to a medium-term issue that has long-term implications for the development of the majority of SA's population.

CIDA funded more than twenty projects focussing on: improved management of the school environment; increasing provincial level instructional capacity; teacher training; and, access to skills development by disadvantaged groups. CIDA funded projects have focused on the national level and in the three provinces of Gauteng, Mpumalanga and Free State. In addition, the focus on the development of the NQF, and in particular the realization of the National Leaner Record Database, the Further Education and Training (FET) category of learning, education management and teacher education have been and remain key priorities of the government. The following sample projects were included in the Review: Education management Project; Teacher Development Project; the University Partnership Project; and the National Qualifications Standards Project (see Appendix I for additional details).

The review found that, although results attributed to the Agency's contribution proved to be somewhat mixed, CIDA's interventions in human resource development were

generally positive and had been responsive in taking a broad based human resource development approach. For example:

- CIDA contributed to the strengthening of the South African Qualifications Authority by helping to implement well–developed human resource policies and procedures. Management is now committed to the principles of self-assessment and Results Based Management. A National Qualifications Framework and a national learner database have been developed. CIDA helped to kick start the initiative, but the challenge that remains is to obtain results in training and education.

- The ongoing Teacher Development Project designed to improve the quality in education in South African Institutions through teacher training and education is proceeding slowly with positive results emerging gradually.

- The Association of Universities and Colleges of Canada (AUCC) Primary Health Care/University Partnership Project involved with the training of health care workers resulted in workers (82 public health nurses trained as trainers and over 500 lay women as 'birth attendants') becoming more focused on external groups, partnering with rural women and taking a holistic approach to their jobs. There were indications that community–based health care professionals became more inclined to deal with health problems as quality of life and a social context issues, rather than just as an illness. Real impact on the ground had not yet been determined.

- The Environmental Capacity Enhancement Project 'graduated' over 200 people who are now informed about land use, sustainable agriculture, and cleaner production.

- The SAITIS Youth Internship Program established learnerships that provided young black women and men with technology–related skills. Results to-date have been particularly encouraging with 99% of the 'learnerships' being of black origin, 55% of which were women and all (100%) were employed post-project.

- The results from the Education Management Project were more mixed. Materials were produced and used provincially. Ultimately, however, these products were not rolled out at the national level as government officials found that the contents were not sufficiently aligned with South Africa's policies.

4.4 Economic Development

South Africa is faced with the dual key challenges of ensuring economic growth, and fostering inclusiveness of the poor and marginalized groups into the formal economy. Disappointing growth levels, and rising poverty and unemployment levels, continue to threaten the stability of the fledgling democracy.

Foreign investment has failed to materialize in any significant amount, due in part to delays in implementing the privatization program, the high incidence of urban crime and the HIV/AIDS pandemic. The economy has also been restrained by chronic skill deficiencies, the legacy of apartheid practices, and labour market impediments. Consequently, South Africa's growth has averaged less than three percent annually

since 1994, which proved to be insufficient for making any appreciable inroads into reducing poverty and/or unemployment.

Government responses included:

◆ A new human resource development strategy, "A Nation at Work" (2001), that endorsed raising educational standards, supporting employment growth through industrial policies and enhancing job skills.

◆ Amendments to labour legislation to improve the efficiency of the labour markets.

◆ "Vision 2014" which is the government's microeconomic reform strategy to promote growth, employment and equity. It responds to two economies in South Africa, a developed economy that suffers from a lack of cost competitiveness, and an undeveloped economy that represents a high proportion of South Africans and is characterized by a lack of investment in social and productive capital.

◆ Legislation to ensure black economic empowerment is mainstreamed.

CIDA's Contribution to Results

The contribution to economic development from the CIDA program has been through its Industrial Cooperation Program (INC) as well as through a selected number of bilateral projects. This has been CIDA's second smallest thematic area of intervention. ($25.6 million for 20% of total CIDA program). CIDA funded more than sixty projects in this thematic area which include the following sample projects: Canadian Alliance for Business in South Africa (CABSA); the Lakefield Metallurgy project; the South Africa Information Technology Industry Strategy; the South Deep Care Project; and the National Co-operative Project (see Appendix I for additional details).

The thrust of CIDA programming pertained primarily to the development of business linkages between Canada and South Africa, with some focus on empowering black companies. The key issues of income distribution and employment were not directly addressed by Agency programming.

There are indications that CIDA programming has helped to enhance competitiveness at the macro level (mainly in the ITC sector), and at the micro level. Funded projects have provided a number of firms with Canadian technology and skills. In many cases, however, it would be premature to forecast whether such transfers will be sustainable. Furthermore, it is difficult to assess if these projects stimulated new investment.

Examples demonstrating how CIDA's contributions have performed at the project level are set out below:

ECONOMIC DEVELOPMENT RESULTS

Program/Project	Results
Canadian Alliance for Business in South Africa	CABSA stimulated linkages with approximately 47 Canadian firms to promote trade and investment partnerships, and technology transfers. This initiative was linked to 47 joint ventures (half involving technology and skills transfers), $35M in new Canadian investment and 1,000 new jobs created in South Africa. A focus was brought to black empowerment companies. The Canadian High Commission Trade Office in South Africa, not being well-resourced, relies on CABSA to help respond to potential business inquiries.
Lakefield Metallurgy Project	CIDA's investment facilitated the transfer of metallurgical and mineral processing skills and technologies to Lakefield's new South African subsidiary. The subsidiary has become world class and is now competing successfully in the region as well as worldwide. The company has more than met its employment equity requirements.
South Africa Information Technology Industry Strategy (SAITIS)	This project has helped South Africa to develop skills in the analysis of ITC sector requirements, the mobilization of a sector wide strategy and in developing innovative training practices for potential employees to meet the skill shortages in the sector. Innovative models for employing unemployed youth were developed. While not having any direct employment impact, a pilot project initiated subsequent to SAITIS (Youth Internship Program) involved training 120 students (graduates of universities or Technikons) in 6 participating private sector companies.
South Deep Care Project	An innovative process was developed for reintegrating 2,560 retrenched workers into the active economy. The success rate so far has been almost 50 percent with 1200 persons having successfully achieved active economic status.

National Co-operative Association of South Africa	NCASA participated in the debate on co-operative governance, and influenced the shift of responsibility for co-operatives, appropriately, from Agriculture to Industry.

> Over the last five years, trade between South Africa and Canada has declined. Canadian exports to South Africa dropped from $370M in 1997 to $186M in 2001. Canadian imports of South African products consistently average between $450M to $500M annually.
> This would imply a small but growing Canadian trade deficit with South Africa.

4.5 Civil Society

The advent of democracy began a protracted process for a plethora of powerful civil society organizations (CSOs) that had to reinvent themselves in the context of the diversion of ODA resources to support for the new government, and loss of leadership and capacity to the public sector. While the *Not for Profit Act* and the creation of the National Development Agency ultimately offered a vehicle for improved funding to CSOs, many organizations (including the majority of community–based ones) were ill equipped to complete the processes required to access these resources. There are recent indications that civil society has begun defining a role for itself in South Africa's society.

A number of factors have been instrumental in shaping the difficult relationships between CSOs and the state:

* From 1999, alienation has resulted in deteriorating relationships as the state while reforming legislation to recognize the importance of CSOs has been increasingly more reluctant to work with them (which was particularly evident during the formulation of African Renaissance and the New Partnership for Africa's Development (NEPAD).

* The schism with the trade union movement has grown with job losses emanating from the government's macro-economic framework and the unions speaking out on social issues (e.g. HIV/AIDS) and the basic income grant.

* CSOs have been torn between the conflicting demands of assisting the state and being a watchdog ensuring accountability of the state.

<u>CIDA's Contribution to Results</u>

CIDA's contribution to civil society organizations in SA is the smallest for the four
thematic areas ($23 million for 18% of total CIDA program). As an important set of
actors in social development and democratization, NGOs and CBOs were also valuable
partners for CIDA to work with in order to reach poor and marginalized groups and
enabled CIDA to support these groups in ways that working with government would not.
The CSOs targeted through the program work in a huge range of areas including food
security, housing, land rights, HIV/AIDS, participation, democratic development and
human rights, and gender and development and women's empowerment, social justice,
education and training, and microfinance.

With the decline in NGO capacity in South Africa, as a result of the flight of skills from
the sector, declining funding and lack of strategic skills to adapt to a new role meant
that CIDA, by reducing its financial commitments, along with most of the donor
community, did not align well in this regard. Specifically, CIDA did not provide
comprehensive, substantial and strategically–focused support to CSOs during a period
when civil society critically needed such attention. As a result, most investments were
diffused across civil society with no coherent overall strategy or framework, no selected
sectors of concentration, and little coordination or collaboration between projects.

Notwithstanding the above, support provided to CSOs led to some qualified successes
at both micro and policy levels. Individual organizations and networks have been
strengthened, and conditions for beneficiaries have improved as a result of a variety of
projects carried out across South Africa.

The following table indicates how CIDA contributed to the building of more viable and
empowered CSOs:

CIVIL SOCIETY PROGRAM RESULTS

Program/Project	Results
Oxfam Canada	Medium–term core funding enabled strengthening of 30 NGOs and CBOs working in food security, housing, HIV/AIDS, democratic development and human rights, and gender equality. CIDA has contributed to improved community relations, innovative building approaches to self–help construction and the establishment of micro loan schemes. NGO partners were able to improve the functioning of the Magistrates' Courts with respect to gender equality.
Civil Society Capacity Development Project	Partnerships with Canadian organizations strengthened the capacity of local South African NGOs to deliver services in social housing, savings and credit services for marginalized communities, and raised awareness around issues of democracy, influence on policies and programming.
Canada Fund	Strategic seed funding strengthened a large number of NGOs and CBOs and brought a larger focus to dialogue and democracy (typically for less established CSOs).
Canadian Catholic Organization for Development and Peace	Core funding support strengthened NGOs and promoted a network to deliver services and promote key issues to some of South Africa's most poor and marginalized communities.
Legal Resources Centre (LRC)	CIDA funding helped bring a series of landmark cases to successful conclusion through the legal system with wide ranging and sustainable impacts (housing rights, HIV/AIDS discrimination and access to treatment for HIV/AIDS).

4.6 Partnerships

The review team found that Canada was well–positioned to respond to the needs of South African organizations. The fit offered by Canadian expertise, experience and technical 'know-how' matched highly across the sampled projects and for other projects in the CIDA-South Africa Program. For example, the South African partners for the AUCC Primary Health Care project stated that the Canadian partner selected was one of two universities in the world who had the expertise they were looking for. The review team found that, for CIDA's four programming themes, Canadian expertise and experience was cited as being more relevant for South Africa than for most other developing or developed countries.

The selection of competent, reliable partners, both Canadian and South African, was found to be critical to the success of CIDA programming. How partners are brought together and the way the relationship is developed can have a direct impact on the effectiveness of the partnership, its sustainability, and on the results achieved. South

African partners require a strong say in selection of counterparts and partners. Almost a third of the sampled projects involved South African entities selecting the Canadian partners. Examples would include Alberta Learning for SATDP and the University of Natal choosing McMaster University. The projects that had the best partnerships tended to be those where South African organizations were responsible for selection of the Canadian entity, or were consulted during the selection process.

Almost half of the projects were found to have sustainable partnerships or good prospects for sustainability. In some cases this was seen in the continuation of collaboration after CIDA funding had ended. The seven projects where partnerships were not expected to be sustainable were characterized by problematic relationships between the entities involved, or in the case of private sector partners, the lack of economic incentives to continue the partnership.

Unlike many other developing countries, partnerships in South Africa tend to be more sophisticated, and high skill levels are needed to work effectively in complex environments. This often necessitates a different type of relationship for partnerships and can tend to command a demand–driven rather than a supply–driven approach. Not all projects took this into account in their design and partnership selection processes.

The few projects that did not have successful partnerships were characterized by disagreements or misunderstandings about the roles of the different actors in the project, the focus, purpose, and content of the project, and/or preoccupation with the delivery of results overriding the importance of relationship development. Tension between individuals also contributed to discord in partnerships, along with the failure of CIDA to provide remedial responses to emerging problems in a timely manner.

> Problems that arose between Canadian and South African entities during implementation were usually resolved through dialogue, meetings, and formal structures such as project steering committees. In some case, issues were not resolved and partnerships deteriorated, leading in extreme cases to organizations pulling out of the project.

4.7 Gender Equality

Gender mainstreaming has been successfully implemented to a degree for some bilateral and Canada Fund projects. CIDA played a key role in getting a number of existing contracts and contribution agreements amended to provide for gender equality (GE) integration throughout the requirements for design, implementation and performance reporting. While some projects have achieved key GE results, many implementing partners demonstrated a limited understanding of the importance of GE in development. Many of South Africa's interventions around gender are drawn from

Canada, thereby enabling a synergy between South African legislation and CIDA's gender policies.

The South African gender advisor to CIDA, appointed in May 2001, is responsible for mainstreaming GE in all CIDA projects (i.e. bilateral, Canada Fund, TAF). Capacity building successes included the development of the gender mainstreaming toolbox and its effective utilization by a number of key organizations. For example, the LRC adapted the toolbox to meet their organizational needs, and SAQA requested further workshops on race and gender issues.

Other successes included the appointment of the gender spokesperson as a permanent member of the project steering committee (PSC) of the South African Teacher Development Project (SATDP), and the SATDP program developing its own gender policies and building GE training into its work plans. The provincial twinning programs provided the most significant impact relative to the use by CIDA projects of the South African GE 'machinery'.

Going forward, the review team saw value in ensuring that gender equality concerns are incorporated in all future agreements with and between South African and Canadian partners. To enable the identification of GE results, CIDA should ensure that sex–disaggregated data is routinely collected for all projects, and that designs provide for specific GE strategies and performance indicators – and target gender–related results.

> Revising CIDA contracts and contribution agreements to provide for GE integration proved a formidable challenge. CIDA demonstrated great political and administrative resolve in getting the existing contracts amended to support gender mainstreaming. In addition, in the Provincial Twinning Project, when it was revealed that the original contracts addressed gender issues very peripherally, the provincial Offices of the Status of Women (OSW) intervened. At the last Project Steering Committee, all of the Director Generals brought representatives of the OSW.

4.8 Sustainability

In addition to having achieved or made progress towards their intended results, the review found that almost two–thirds of the projects sampled had the capacity necessary within the organization (or continued access to external resources) to allow ongoing activities to be carried on. Over half of the projects could (or had the potential to) finance the continuation of activities themselves. This included all of the government partners, with the exception of SAQA, reflecting the fact that South Africa's governance problems are more linked to technical capacity than budgetary support. For the

remaining projects, all but one had good prospects for accessing external resources. It could be concluded from this that projects that comprised the CIDA-South Africa Program (1994–2002) largely met the test of being financially sustainable and having the resident capacity required to sustain the benefits that were realized. CIDA's partners maintain relatively high levels of human and technical capacity that help increase the likelihood of key activities being continued after CIDA funding ceases.

The review team also found that none of the South African NGOs supported through the program had the potential to be financially self–sufficient through the implementation of cost recovery schemes. Yet nearly all of the NGOs in the program had a high potential for accessing external financial resources. For example, Oxfam Canada was able to access Dutch funds after the cessation of CIDA funding. Given their successes, both LRC and SAMP were considered to have high probability of being able to attract resourcing from other donors.

> Prospects for sustainability were enhanced when South African entities 'owned' projects, sufficient capacity was built into the program to facilitate the continuation of activities and/or strategies were adopted to institutionalize operations within government auspices.

V Conclusion

On balance, the review concluded that the CIDA-South Africa Program (1994–2002) was successful, strategic, and typically responded well to South Africa's pressing needs. For the most part, the Agency functioned effectively as a 'niche' donor, achieving its most notable results through governance and human resource development programming. Results achieved by projects focusing on economic development and the empowerment of civil society were more mixed.

The Agency's investment portfolio generally exhibited relatively high levels of financial and capacity sustainability. Canada proved well–equipped by effectively responding to the needs of South Africa in a number of areas. South African organizations valued the expertise and technical competence offered by their Canadian partners. Problems that arose within partnerships, for the most part, were resolved amicably. CIDA contributed to key, initial advances in GE integration.

CIDA often relied on an intuitive and responsive management approach. For example, no cohesive and comprehensive approach was taken to the selection of investments within each thematic area. Some adverse impacts resulted from having inadequate human resources in the field and staff turnovers. Monitoring and evaluation could have been strengthened across the portfolio. Synergies between projects were not exploited to the degree possible as the lack of integration across cooperation channels negated opportunities for effective communications and the facilitation of linkages.

Finally, it should be recognized that CIDA's post–apartheid programming was highly appreciated by the South Africa government. Initially, the Agency aligned its ODA policies, processes, and procedures with the government's somewhat informal modalities. Many projects were continuations of pre–1994 investments and responsive to high-level requests from the government. Since then, the government has been trying to develop a more formal process for managing a crowded and competitive donor cooperation arena. This review constitutes CIDA's first step towards being an active participant in this process.

VI Key Recommendations

> ### Evolving Context
> An impetus exists for Canada to move beyond its traditional ODA relationship with South Africa to a more mature bilateral relationship based around partnerships. A related consideration is South Africa's leadership role, and geo-political significance on the African continent for the international development community.

6.1 Going Forward

The new 'South Africa–Canada Development Cooperation Strategy' should provide a progressive, compassionate and valid response to those priorities within South Africa that can be optimally met through partnerships that enrich the way partners interact to achieve sustainable results. Development cooperation interventions should meld what each country can best contribute to create durable and credible value for the targeted beneficiaries. Below, the review team suggests how this strategy could respond to South Africa's challenges and priorities, and identify opportunities that exist for strengthening Canada–South Africa cooperation in the region.

It is suggested that the three major rationales for continued Canadian ODA flows to South Africa should be: support for the building of democracy, poverty eradication, and South Africa's geopolitical significance. This approach would take into account the maturation of relationships with the government and other key stakeholders. Increasingly, peer–based partnerships and institution–to–institution linkages have become mainstays for a forward–looking agenda. Greater interaction is required with civil society to ensure effective strategic interventions where government leadership is weak. South Africa as a key partner in the Southern African Development Community (SADC) region (and the African continent) and the value of utilizing the relationships forged in South Africa to strengthen democracy within the region should not be underestimated.

Effective capacity building has emerged as a high priority for both government and donors. It is openly recognized that the critical constraint to development in South Africa is not a lack of government resources, but rather the lack of management expertise. The predominant desire of the government is that the foremost use of ODA should be to build the country's knowledge capital base. The Development Cooperation Report II (2000) attached the highest priority to establishing effective management systems, and broadening and sharpening the critical skills base. Commitment by donors to provide capacity building support to government grew in the period under review, with the key mechanism being technical assistance. It is suggested that Canada assess the value of funding innovation through South African experts and how Canadian experts can best be employed to tackle the country's deficiencies.

An almost exclusive focus on capacity building of the state has resulted in insufficient attention to civil society's ability to impact on socio–economic issues. The HIV/AIDS pandemic demonstrated the critical role to be played by CSOs in the absence of an adequate government response. It is fundamental that civil society be strengthened so it can become a vital and effective proponent for advancing a more comprehensive socio–economic agenda.

The South African government recognizes there is little point in promoting economic growth and tackling unemployment effectively, unless like results are achieved in neighbouring states. South African prosperity would see a migration away from the failing economies. Issues relating to the environment, water resource management, malaria, tuberculosis, and HIV/AIDS all have to be dealt with on a regional basis to provide any potential for success.

How should ODA funding be channeled for regional programming? Three options exist: 1) New Partnership for Africa's Development (NEPAD), 2) SADC, and 3) CIDA's offices in the region

6.2 Specific Recommendations

This section summarizes the key, specific recommendations put forward by the CIDA–South Africa program review. Elaboration on the context and reasoning for these recommendations (and for other recommendations) can be found in the main report.

HIV/AIDS -- A New Thematic Focus

Given the potentially, devastating impact of HIV/AIDS on the capacity building aspects of CIDA and, in fact, all donor programming, it is felt that HIV/AIDS should become one of the new key themes for programming:

◆   Directly address the HIV/AIDS epidemic by systematically expanding and enhancing existing programming based on a comprehensive country strategy, and

◆   Provide for the integration of HIV/AIDS as a crosscutting theme across all investments.

Program Planning

CIDA programming should:

◆   Be aligned with MTEF priorities, and expanded building on identified strengths (i.e. successful projects, proven partners)

◆   Be responsive and truly demand driven, and

◆   Make use of South Africa's leadership role and geopolitical significance as a springboard for interventions into different countries in the SADC region (aligning the Agency's programming with NEPAD's priorities).

Partnerships

CIDA should:

◆   Ensure that South African organizations are actively engaged throughout partner selection processes (e.g. conceptual framework, terms of reference, recruitment)

◆   Support a strong field presence in South Africa by Canadian partners, with a tapering off towards the end of the project to increase the prospects for sustainability, and

◆   Explore the potential for expanded partnerships that link project implementers with other South African institutions (e.g. universities with government on education projects, civil society organizations with government on governance projects).

Governance Programming

CIDA should:

◆ Continue to work with the provinces (and possibly local levels), in co-ordination with the national government thereby ensuring awareness and 'buy-in'; and,

◆ Expand its support to 'watch dog' organizations working to strengthen the rule of law by monitoring government accountability, transparency and adherence to the constitution, court decisions, laws, and policies.

Education Programming

CIDA should focus its human resource development programming on:

◆ 'Job-linked' FET to combat unemployment problems, and

◆ Continued support for the development and delivery of integrated curricula.

Economic Development Programming

CIDA should:

◆ Focus on combating inequities in income distribution by building on the strengths of the current program (especially 'job-linked' skills development), and

◆ Articulate its economic development agenda to the International Development Cooperation Chief Directorate, ensuring that the differentiation between poverty alleviation and investment/trade promotion is clear.

Civil Society Programming

CIDA programming should:

◆ Take a systematic and comprehensive approach to strengthening civil society, using increased resources

◆ Attach priority to strategic partners who focus on democratization and HIV/AIDS and foster partnerships between CSOs and government to enhance programming and replication,

◆ Provide core funding to CSO partners (rather than project–specific funding) to promote financial self–sufficiency within these organizations.

Program Management

CIDA should:

♦ Become actively engaged in the International Development Co-operation Chief Directorate's on-going development of formalized processes and procedures for ODA

♦ Consult with pertinent South African government departments to accurately determine their MTEF responsibilities and programming aspirations to ensure that CIDA's future interventions are consistent and complementary

♦ Increase its human resources allocation to CIDA–South Africa program to provide for intelligence gathering, recruitment of technical assistance, partnership development and monitoring

♦ Improve monitoring and evaluation and the taking of early corrective action with projects encountering difficulties, and

♦ Enhance program coherence between the Agency's branches and promote effective interaction between projects, in programming clusters and generally across the portfolio (including the Canada Fund).

VII Lessons Learned

The lessons learned are defined as being "A general hypothesis based on the conclusions of a specific evaluation that establishes or supports a general principle and is presumed to have the potential of being useful and beneficial in other applications". From this Review, it is felt that three (3) key lessons are worthy of consideration and are generalizable to a middle-income country programming context.

7.1 National Buy-In RE: Provincial/Regional Initiatives

In South Africa, it was found that a number of projects rightly focused on the provincial level as they dealt primarily with implementation, but faced difficulties due to perceptions that they had "by-passed" the national level in doing so. This caused problems with provincial and national level implementation, policy influence at the national level, and ultimately replication to provinces beyond the initial project scope. On the other hand other projects took the time to work with the national level to create better understanding and consequently had smoother and more productive implementation. The lesson learned is that even with projects that deal primarily with the provincial level, there must be consistency and adherence to national level policies and directions and care has to be taken to ensure "buy-in" at the national level. Failure to explicitly do so can cause tension and ultimately affect the success of implementation.

7.2 Successful Partnership Formation

There appears to be a correlation between the different types of partnership formation and the level of results achieved through the partnership. Overall, it was felt that demand driven responsive partnerships appeared to deliver the best results. Specifically, the lesson derived from the review is that there appear to be four necessary conditions for growing a partnership:

- Complementarity and fit between entities;
- Consultation to achieve a shared vision;
- Translation of shared vision into specific project objectives; and,
- An agreed upon implementation framework with defined roles.

7.3 Senior Level Commitment to Project Success

One of the key factors that appeared to determine project success was the level of senior management and political commitment to the project in question. This is more the case in the middle-income programming context as many projects feature

institution-to-institution relationships that require commitment at senior levels rather than projects where Canadian entities are contracted to deliver project outputs and manage towards outcomes. The lesson derived in this case is that selling the project internally in the range of organizations is important and requires and ongoing effort. Ensuring the continuity of the project's profile has to be done on an ongoing basis as turnover at senior levels can endanger the project through uncultivated commitment and lack of understanding.