
Part II. Aid Trends

Chapter 1. Japanese Aid Trends

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1. Basic Policy

1-1 Recognition of current development

Since the Mandela administration came to power in 1994, improving the living standards of black South Africans based on the Reconstruction and Development Programme (RDP) has been highlighted as an important policy issue, and with the announcement in 1996 of macroeconomic policies focusing on economic growth (GEAR policies) the government sought to further expand new investment both from within the country and from overseas in an effort to realize high economic growth and long-term jobs creation. The RDP is aimed at improving the living infrastructure and correcting racial disparity in various fields including education and the health and medical system, but 1999 outcomes indicate that infrastructure development and employment creation could hardly be regarded as satisfactory. Economic growth of 3% is thought to be borderline for creating jobs and expanding investment, but in 1997 South Africa achieved only 1.7% growth, and in the following year, it was a meagre 0.1%. The government set a target for 2000 of 6% growth and one million new jobs, but the hoped for increase in exports has failed to eventuate because of the global economic downturn, highlighted by the Asian financial crisis in 1997. Giving priority budgetary distribution to correcting disparity, the government has set improving the lot of the poor through jobs creation as its primary task.

1-2 Japan's basic assistance policy

Since 1990 Japan has been providing grant through

international organisations, accepting trainees and extending grant aid to projects help Africans, who were forced to make tremendous sacrifices under Apartheid. Since Mandela's election in 1994 Japan has positioned South Africa among its highest priority aid countries from the viewpoint that the development and stability of the new South Africa can serve as a symbol of a successful democratic and peaceful transition to a new structure, and can contribute to the development and stability of southern Africa, and indeed, the entire African continent. In June 1994 before beginning full-scale assistance to South Africa, Japan took the lead among other donor countries and sent the High-Level Mission on Economic and Technical Cooperation with South Africa. The team explained Japan's aid policies and the various schemes of aid available, and exchanged opinion on South African administrative implementation structures and how aid should progress in the future. Following these discussions, Japan began full-scale cooperation aimed at helping African communities. In July of the same year, Japan announced the South African support package¹ cantering on aid that would benefit the poor. In April 1997 Japan set up a JICA office in South Africa, and in December 1998 held policy discussions on technical cooperation and grant aid, agreeing to set human resources development for black people as its basic policy line.

When President Mbeki succeeded President Mandela in June 1999, Japan announced that it would continue to provide an appropriate level of assistance² based on cooperation outcomes over the past five years that had totalled roughly \$1.5 billion. In August that year Japan and South Africa held a second policy meeting, and

¹ A total of \$1.3 billion over two years, consisting of \$300 million ODA(\$250 million loans, \$30 million grant aid, and \$20 million technical cooperation), \$500 million Export-Import Bank of Japan loans, and \$500 million trade investment insurance.

² New aid package for South Africa:(1)Provide grant aid of around \$20 million a year for health and education in the former homeland;(2)Provide loan assistance for social infrastructure development;(3)Sign a loan contract in July 1999 for untied yen loans equivalent to a total of \$37 million, positively examine untied yen loans equivalent to \$100 million for small and medium enterprises, and dispatch a mission in August 1999;(4)Similar to before, accept good trade insurance cases.

exchanged views about the implementation of cooperation that deepened the mutual understanding between the two countries.

1-3 Priority areas for development

Japan's primary task in providing cooperation to South Africa is to support the two aid pillars of satisfying the basic needs of the people equally by enhancing the delivery of services, which is a central theme of the RDP, and creating employment by cutting the budget deficit and achieving a stable high rate of growth around the 6% mark through stronger GEAR policies.

In view of the priority areas agreed upon at the 1998 policy discussions(education, public health, local administration, small and medium enterprises, and tourism), Japan is providing aid centred on correcting racial and regional inequalities and the various other forms of inequality that currently exist, and on establishing the systems and technologies for creating jobs; specifically, educational assistance for the black poor, raising provincial administrative and financial capabilities, creating employment opportunities for the poor, support for fostering small and medium enterprises, improving the productivity of small-scale farming, and assistance in developing the basic infrastructure for the poor.

Japan's cooperation has included grant assistance to grass-roots project mainly in education and health and medical care(world's second biggest donor), and special country-specific training courses in agriculture, small and medium enterprises development, and provincial administration(12 courses, about 100 trainees a year)

2. Efforts toward Priority Development Issues

2-1 Support for education for the black poor

Promotion of participation of the poor in economic activities through the support for secondary education reform

Under the Apartheid regime, Africans found it difficult to receive adequate basic education, so educational standards in the provinces with a high concentration of the 'independent homelands' or other 'homelands' and therefore a high percentage of African residents - Mpumalanga, KwaZulu-Natal, North West, Eastern Cape, and Northern Province - are quite low. Along with this, because provinces generally do not have sufficient capa-

bilities to administer education, educational services based on the educational policies of the central government and education and training standards have been inadequate. In this light, Japan has been actively engaging in cooperation for building and repairing facilities to improve access to primary and secondary education raising the level of science and mathematics education, elevating the quality of teachers, and improving educational administration in provinces with a high percentage of African poor.

Examples of cooperation include building and repairing primary and secondary school classrooms and providing teaching material and equipment using general and grant assistance to grass-roots projects grant aid, and human resources development related to educational administration and teacher training through accepting trainees and dispatching experts.

2-2 Provincial administrative and financial capacity building

Support for capacity building of provincial administration of the provinces included the former homelands; support for development of opinion leaders

While responsibilities have progressively been transferred to provincial governments, it has not been very long since the new administration was established and provinces were reorganized, so provincial and government bodies are as yet not fully developed and functional, and their operation and management structures and capabilities are still lacking. Against this backdrop, Japan has been implementing cooperation connected with provincial government capacity building.

Examples of cooperation include human resources development connected with regional development administration, police administration, and local health management through trainee acceptance programs.

2-3 Creating employment opportunities for the poor

Income generation for the black poor through job training

One legacy of Apartheid is a shortage of skilled African engineers, and the unemployment rate for Africans is

36.9%, seven times as high as the 5.5% for white South Africans. In this light, Japan is actively implementing cooperation through grant assistance to grass-roots projects and accepting trainees to improve access to and raise the quality of vocational training, and to facilitate the participation of the African population in economic activities.

2-4 Support for fostering small and medium enterprises

Employment creation for the poor through the development of new and existing small and medium enterprises.

To contribute to employment expansion for the African population whose opportunities to participate in economic activities to date have been limited, Japan is implementing training connected with fostering and diagnosing the operations of small and medium enterprises.

2-5 Improving the productivity of small-scale agriculture

Support for the organization of small-scale farmers and improving their cash income by cash crops.

Considering that a sense of community has not developed in rural villages where many African people reside, and agricultural productivity is extremely low, Japan has been implementing cooperation aimed at supporting the organization of small-scale farmers and improving their cash income by encouraging them to grow cash crops. Aid implemented to date includes grant assistance to grass-roots grant aid for rural development and the provision of farm equipment, and accepting trainees with a view to human resources development in areas connected

with rural development and vegetable cultivation techniques.

2-6 Assistance in developing the basic infrastructure for the poor

Support for the institutional building accompanying with developing basic infrastructure.

Under the racially discriminatory policies of Apartheid, African residential areas were badly neglected in basic infrastructure development, so even these days in the former homelands and townships, the residential environment is very poor indeed with inadequate water and sewerage systems, health and medical facilities and other aspects of basic infrastructure. In this light, Japan has been providing cooperation in small-scale basic infrastructure development, and in building up the necessary systems and organisations for this.

Specifically, cooperation includes upgrading local clinics using grant assistance to grass-roots projects and providing equipment to local core hospitals using grant aid, human resources development connected with housing policies through the acceptance of trainees, and conducting development studies connected with water supply and drainage development plans in African residential areas.

3. Lessons in Implementation

3-1 Cooperation with NGOs

Even after the establishment of the Mandela administration, NGOs and CBOs have remained the driving force behind substantial development, though the environment in which they operate is continuing to deteriorate in both personnel and funding terms. It is also quite evident that local governments, which are the authorities to imple-

Table 1-1 Japan's ODA Disbursements to South Africa

(Net expenditure; Unit: \$ million)

Year	Grants			Government loans		Total
	Grant aid	Technical cooperation	Total	Gross	Net	
1994	0.62 (20)	2.48 (80)	3.10 (100)	—	—	3.10 (100)
1995	1.18 (27)	3.16 (73)	4.34 (100)	—	—	4.34 (100)
1996	1.54 (21)	5.76 (79)	7.30 (100)	—	—	7.30 (100)
1997	2.23 (8)	5.93 (21)	8.16 (28)	20.75	20.75	28.91 (100)
1998	13.76 (45)	4.98 (16)	18.75 (61)	12.08	12.08	30.82 (100)
Total	20.46 (26)	25.12 (32)	45.59 (58)	32.83	32.83 (42)	78.41 (100)

Note: Figures in brackets show the percentage for each type of aid to total ODA.

Source: Economic Cooperation Bureau, Ministry of Foreign Affairs (1999)

ment the RDP, are as yet lacking in the necessary organisational structures and capabilities, so when extending aid, Japan must give full consideration to effective cooperation with NGOs and CBOs.

3-2 Support for provincial governments

The central government has restricted its own role to setting the framework for development, and left the formulation and implementation of specific development plans to provincial governments, local communities and private companies. However, because the capacity of provincial governments to fulfil this function is quite limited, providing cooperation for provincial government capacity building is essential. When devising and implementing such cooperation, it is important that the Japanese side deal with the provincial government as the main counterpart, while maintaining liaison with the central government.

4. Trends in Japan's Loan Aid (Yen Loan) for South Africa

(1) Recent developments

Yen loan assistance began as part of Japan's South African assistance package announced by the Japanese Government in July 1994 (worth 1.3 billion dollars), following the dismantling of Apartheid and democratisation in South Africa. The assistance package included 300 million dollars of ODA, of which 250 million dollars were earmarked for yen loans.

In May 1996, the first yen loans were extended for the Kwandebele Water Project and the Local Community Infrastructure Development Project (I) after identifying them through a project finding process centring on water supply and sewerage projects geared towards assisting African South African communities.

To date, the lending of a total of 14.061 billion yen has been agreed upon, including the Urban Commuter Railway Modernisation Project, which was approved in May 1998.

However, the actual lending process has not been all that smooth for a couple of reasons. First, there have been instances of the South African Government waiving a yen loan after making a request for one, as in the case of the Eastern Cape Province Road Development Project. Sec-

ond, problems such as a delay in the approval of a loan after the signing of an E/N and the failure for some projects to translate into an increase in actual lending after their approval have arisen from the currency exchange risks associated with yen loans.

(2) Practical problems with yen loan assistance to South Africa

- Due to a tightening by the South African Government of its foreign borrowing scale-down policy, the shaping up of prospective yen loan projects for which the central government is to become the borrower has been interrupted in recent years. (So far, the Kwandebele Water Project has been the only project for which the central government has become the borrower.)
- In the case of yen loan projects for which public corporations (e.g. the Development Bank of Southern Africa) are to become the borrowers, the South African Government has provided a loan guarantee. However, these organisations also have access to the domestic financial markets, and are therefore fairly sensitive about the borrowing costs of foreign funds.
- As yen loans are yen-denominated, currency swaps are usually used to hedge currency exchange risks. The problem is that the actual borrowing costs of yen loans, which include currency swap costs, are not attractive enough compared to domestic borrowings. (In cases where the interest rate of a yen loan is 2.5% p.a., the actual borrowing cost is as high as around 15%.)
- With new foreign borrowings, the South African Government is demanding the waiving of a central government guarantee (when a public corporation is to become the borrower) and use of rand-denominated loans, and European countries appear to be prepared to go along with it³. However, this is a very difficult proposition for the Japanese Government to accept in light of its policy stance, thus further widening the gap between European donors and Japan in terms of flexibility.
- An adequate mechanism for the identification and formation of quality yen loan projects is yet to be established. As South Africa is not quite used to some of the procedures associated with yen loans,

³ In recent years, the European Investment Bank (EIB) has extended rand-denominated loans, while France's Agence Française de Développement (AFD) has agreed to lending without a central government loan guarantee.

delays often occur in the project formulation and loan application stages.

(3) Future tasks

- 1) The potential for foreign borrowing by the central government should continue to be investigated. (Faced with an enormous need for funds to finance African South African assistance projects in water supply, sewerage and other areas, there is a possibility that the South African Government will ease its foreign borrowing scale-down policy in the future.)
- 2) Japan should closely analyse South African needs, including projects in which a public corporation is to become the borrower, and should make the best possible efforts to increase the flexibility of its lending conditions.
In this regard, Japan presented South Africa with a proposal to shorten the repayment period, which is normally 25 years, by about 10 years to reduce the costs associated with currency swaps during the

visit of the Japanese Government's yen loan study team in December 1999. (A shorter repayment period makes it easier to arrange currency swaps, thus reducing their costs.)

- 3) Efforts should be made to identify high priority areas for South Africa, particularly from the viewpoint of assisting African South Africans, and put in place a mid-term rolling plan (long list) for candidate projects.
- 4) With regard to project formation and implementation, efforts should be made to develop an integrated assistance scheme which combines a yen loan, grant aid and technical co-operation. (The co-ordinated yen-loan and grant-aid financing of the same project will be particularly useful as it will make it easier for the South African Government to use yen loans by easing the overall terms of borrowing.)⁴
- 5) OOF schemes, such as the Japan Bank for International Co-operation's untied loans, should be utilised effectively to complement yen loans.

Table 1-2 Recent Loan Aid Projects to South Africa

Project (Borrower) ((Project implementer))	Date of E/N signing	Amount agreed upon Repayment period(grace period shown in brackets) Interest rate Mode of lending	Overview
	Date of loan agreement signing		
Kwandebele Water Project (South African Government) ((Department of Water Affairs and Forestry))	1996/4/30	3.097 billion yen 25(7)years 2.5% General untied	Designed to boost the drinking water supply in the Kwan- debele district, which is a former homeland, so as to improve the living standard of local residents(African South Africans)and invigorate local industries. The project encompasses the construction of a water purification plant, pipeline and reservoir.
	1996/5/2		
Local Community Infrastructure Development Project(I) (Development Bank of Southern Africa(DBSA)) ((Same as above))	1996/4/30	4.734 billion yen 25(7)years 2.5% General untied	Designed to improve the mains water accessibility of Afri- can South Africans, which lags far behind that of European South Africans, thus contributing to the rectification of racial inequality. Under the project, subloans are extended to provincial project implementing bodies to finance their waterworks and sewerage development activities.
	1996/5/2		
Urban Commuter Railway Mod- ernisation Project (South African Rail Commuter Corporation(SARCC)) ((Same as above))	1998/2/19	6.23 billion yen 25(7)years 2.7% General untied	Designed to boost urban commuter transport capacity in the major African residential area(Soweto)and industrial/ commercial area(Johannesburg)of Gauteng Province, which is South Africa's industrial heartland. The project encompasses the procurement of 60 new train carriages.
	1998/5/20		
Local Community Infrastructure Development Project(II) (DBSA) ((Same as above))	1998/4/9	6.084 billion yen 25(7)years 2.5% General untied	Phase II project continuing on from the phase I project above
	(Loan agreement yet to be signed)		

Source: JBIC internal material

⁴ Similar action is being taken by Germany's KfW.

(4) Candidate areas of co-operation

The main target of Japanese co-operation will be the assistance of destitute African South Africans. However, a focus should also be placed on other areas where there is a good prospect of special interest rates being applied to yen loans, such as global environment, job training and micro business assistance, in light of South Africa's strong inclination towards low interest loans.

《Main target areas》

- i) Water supply and sewerage systems for African South Africans
- ii) Residential electrification for African South Africans
- iii) Housing development for African South Africans
- iv) Commuter railways for African South Africans
- v) Small to medium-scale industry assistance for African South Africans
- vi) Job training for African South Africans
- vii) Local environment (pollution control and renewable energy)
- viii) Regional co-operation with neighbouring countries (e.g. water supply, roads, gas and power supply)

(5) Future outlook

- 1) Efforts should be made to flesh out the new South African assistance package announced by the Japanese Government in June 1999 (yen loan component worth 400 million dollars)
- 2) Detailed negotiations with South Africa should take place on the easing of yen loan lending terms based on the proposal put forward by the Japanese Government's yen loan study team in December 1999.
- 3) South Africa is expected to make new yen loan requests to Japan after identifying suitable projects in the course of the compilation of its fiscal 2001 budget (due to begin in earnest in mid-2000)

Chapter 2. Aid Trends of Major Donors

(Secretariat)

1. Outlook

ODA to South Africa began in 1993 following the abolition of Apartheid, and since the birth of the new South African government administration in 1994, the amount of ODA has been steadily increasing, almost doubling from the \$275.3 million in 1993 to \$512.3 million in 1998.

The United States has consistently been the largest bilateral aid donor to South Africa, followed by the United Kingdom and the Netherlands, while Japan has been increasing its ODA to South Africa since 1997, and now ranks around eighth. Among international organisations, CEC has always been the major donor.

While South Africa was the second largest recipient of bilateral ODA in southern Africa as of 1997, ranking behind only Mozambique, development aid to South

Africa has only a very short history, and accounts for less than 1% of GDP.

About 30 donors are active in South Africa, and many are providing grant aid and technical cooperation. The Department of Finance's International Development Cooperation Bureau has jurisdiction over all matters concerning intergovernmental development aid, while the Department of Education has concluded bilateral agreements with 12 countries, and the Department of Social Welfare receives considerable assistance. In multilateral aid, UN agencies provide assistance mainly in the form of technical cooperation.

Table 2-2 shows ODA trends in each field of assistance. Social infrastructure and services, and especially education, receive the highest priority, accounting for about 60% of all aid.

Table 2-1 Trends in Aid to South Africa by Major Donors

Upper figure: Amount of aid (US\$ million)
Lower figure: Percentage to the total ODA

		1993	1994	1995	1996	1997	1998
Bilateral aid agencies	Japan	1.8	3.1	4.3	7.3	28.9	30.8
		0.65%	1.05%	1.11%	2.04%	5.84%	6.01%
	U.S.A.	66.0	71.0	107.0	73.0	104.0	83.0
		23.97%	24.10%	27.73%	20.39%	21.01%	16.20%
	Sweden	37.9	29.7	19.6	33.2	41.1	31.1
		13.77%	10.08%	5.08%	9.27%	8.30%	6.07%
	U.K.	19.4	23.9	23.9	30.9	38.8	54.1
		7.05%	8.11%	6.19%	8.63%	7.84%	10.56%
	Netherlands	20.1	12.6	44.5	37.6	35.9	42.0
		7.30%	4.28%	11.53%	10.50%	7.25%	8.20%
	France	-	1.9	17.9	13.4	34.0	36.7
		-	0.64%	4.64%	3.74%	6.87%	7.16%
International organisations	Denmark	1.1	14.3	22.9	30.0	35.7	32.0
		0.40%	4.85%	5.93%	8.38%	7.21%	6.25%
	Others	37.0	57.9	78.4	86.5	96.6	111.0
		13.44%	19.65%	20.32%	24.16%	19.51%	21.67%
	Subtotal	183.3	214.4	318.5	311.9	415.0	420.7
		66.58%	72.78%	82.53%	87.10%	83.82%	82.12%
	CEC	82.6	69.4	59.2	37.0	68.3	80.8
		30.00%	23.56%	15.34%	10.33%	13.80%	15.77%
	UNICEF	2.6	2.4	2.2	2.3	2.3	1.6
		0.94%	0.81%	0.57%	0.64%	0.46%	0.31%
	UNHCR	1.9	6.0	1.9	2.7	3.1	3.3
		0.69%	2.04%	0.49%	0.75%	0.63%	0.64%
Subtotal	UNDP	-	-	0.1	3.5	5.3	3.7
		-	-	0.03%	0.98%	1.07%	0.72%
	Others	6.8	8.4	4.0	3.4	1.0	2.2
		2.47%	2.85%	1.04%	0.95%	0.20%	0.43%
	Subtotal	92.0	80.2	67.4	46.2	80.0	91.6
		33.42%	27.22%	17.47%	12.90%	16.16%	17.88%
	Total	275.3	294.6	385.9	358.1	495.1	512.3
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	GNP	114,561	119,248	131,450	123,431	125,808	113,625
		0.24%	0.25%	0.29%	0.29%	0.39%	0.45%
	Percentage of ODA to GNP						

Source: OECD (2000) p.226.

Table 2-2 The Amount of Bilateral ODA to South Africa by Sector (commitment base)

	1993		1994		1995		1996		1997		1998	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Social infrastructure and services	85.1	61.8	236.0	76.2	204.3	49.5	336.5	66.5	218.8	61.2	307.6	59.7
Education	37.5	27.3	69.9	22.6	68.7	16.6	93.7	18.5	72.1	20.2	90.3	17.5
Health and medical care	2.8	2.0	5.1	1.6	7.8	1.9	17.0	3.4	37.4	10.5	24.3	4.7
Water supply, public sanitation	-	-	1.3	0.4	1.2	0.3	86.4	17.1	8.5	2.4	5.5	1.1
Economic infrastructure and services	13.3	9.7	35.1	11.3	51.3	12.4	77.0	15.2	22.7	6.3	89.5	17.4
Transport and communication	1.6	1.2	5.2	1.7	5.1	1.2	10.9	2.2	1.3	0.4	48.7	9.5
Energy	-	-	0.0	0.0	0.3	0.1	0.2	0.0	0.3	0.1	0.6	0.1
Production sector	6.5	4.7	14.3	4.6	18.7	4.5	21.7	4.3	18.9	5.3	22.2	4.3
Agriculture	3.8	2.8	5.1	1.6	5.3	1.3	11.2	2.2	9.1	2.5	10.0	1.9
Industry, mining and construction	2.1	1.5	7.5	2.4	11.6	2.8	4.7	0.9	8.8	2.5	11.0	2.1
Trade and tourism	0.6	0.4	1.7	0.5	1.8	0.0	5.8	1.1	1.0	0.3	1.2	0.2
Multi-sectors	17.9	13.0	11.2	3.6	96.5	23.4	48.5	9.6	26.5	7.4	54.9	10.7
Program aid	0.3	0.2	0.4	0.1	26.1	6.3	1.2	0.2	0.8	0.2	14.3	2.8
Food aid	0.3	0.2	0.4	0.1	0.4	0.1	0.3	0.1	0.3	0.1	13.9	2.7
Debt-related	-	-	-	-	-	-	-	-	-	-	-	-
Emergency aid	14.5	10.5	1.2	0.4	0.4	0.1	2.7	0.5	0.7	0.2	0.8	0.2
Others	-	-	11.4	3.7	14.7	3.6	18.1	3.6	69.2	19.4	22.4	4.3
Total	137.6	100.0	309.6	100.0	412.8	100.0	506.0	100.0	357.6	100.0	515.0	100.0

Source: OECD (2000) p.227.

2. Aid Trends of Major Donors

2-1 International organizations

(1) United Nations Development Program (UNDP)¹

UNDP began providing full-scale assistance from 1994, and extended policy assistance when the RDP was drawn up, and also assistance for pilot projects. UNDP will provide \$58.7 million between 1997 and 2001. It is engaging in policy dialogue with the government concerning socioeconomic development issues, with poverty reduction as the ultimate goal. UNDP aid is directed toward the promotion of a sustainable livelihoods and sound governance.

1) Promotion of a sustainable livelihoods: Support for national efforts to broaden opportunities for while enhancing the capacity of the poor, the poor and supportive institutions.

(i) Policy support and advocacy: Assistance for the preparation of reports on poverty and inequality; monitoring poverty and gender issues; and

strengthening the capability to implement the gender planning framework.

(ii) Employment and livelihood opportunities: Development of small and medium enterprises that give consideration to women and rural communities; and labour-intensive public works programs.

(iii) Social development: Improvement of access to basic social services by the poor mainly in rural poor and peri-urban townships communities.

2) Sound governance: Strengthening as well as democratisation transparency and accountability in public and civic organisations

(i) Decentralisation: Provincial government capacity building.

(ii) Democratisation: Capacity building of within and outside of the government; human rights education.

(iii) Safety and security: Capacity building for implementing a national crime prevention strategy that gives special consideration to the vulnerable groups.

¹ UNDP (1997)

(iv) Development management: Improvement of the provincial and local capacity to manage domestic and external development resources, provision of assessment standards, introduction of a new approach to disaster management.

3) Cross-cutting Themes

- (i) Gender equity (political and economic empowerment, freedom from violence)
- (ii) HIV/AIDS (surveys in cooperation with UNAIDS)
- (iii) Sustainable development and consideration for the environment.

4) South-South cooperation

UNDP is providing cooperation from the above viewpoints, noting trends in the economic integration of the southern African region. It is cooperating in the FINESSE renewable energies initiative that has the potential to breathe new life into the southern African region, and is preparing a human development report covering this region.

(2) World Bank²

The World Bank provided loans totalling \$242 million to South Africa between 1951 and 1966. Prior to 1994 the World Bank launched an intensive program of policy analysis and capacity building activities. Since the 1994 elections, the Bank has been providing policy advice to the government in a broad range of areas, provided advice on the design of the 1996 GEAR, and helped design and provided support for the Household Survey, Participatory Poverty Assessment, and the Poverty and Inequity Report. In project assistance, the Bank provided a loan of \$46 million to the Industrial Competitiveness and Job Creation Project in 1997, and in 1998 the Cape Peninsula Biodiversity Conservation Project was financed by the GEF (grant of \$12.3 million). In small and medium enterprise and financing and rural development, the Bank was actively involved in the design of the Khula Enterprise Finance Limited. The International Finance Corporation has approved 20 investments, many of which are aimed at promoting the advancement of entrepreneurs from historically disadvantaged groups.

The primary objective of the Bank's assistance to South Africa is to help reduce the Apartheid legacy of

poverty and inequality. The Bank therefore focuses its assistance on the following development objectives.

(a) Promoting growth and higher employment

The Bank will support efforts to promote growth and job creation through policy notes, technical cooperation and the like. In 1999 the Bank will prepare a sources of growth study paper, provide assistance in macro management, explore the possibility of providing loans in Rand, support small and medium enterprises, and continue providing assistance for the Industrial Competitiveness and Job Creation Project, and support for manufacturing, health care services and privatisation. IDF grants will be used to support privatisation, welfare targeting and land reform.

(b) Social and environmental sustainability

The Bank is providing support for public expenditure management, decentralisation (implementation of pilot projects) intellectual and systematic support for fiscal decentralisation, support for anti-poverty programs, support for capacity building with the Kwa-Zulu-Natal provincial educational authorities, continued support for infrastructure development, support for coastal environmental management and the urban environment, and assistance in preparing national and provincial environmental plans; and biodiversity conservation through GEF.

(c) Regional development

The Bank is providing debt guarantees for private-sector investment in neighbouring countries, support for the Southern Africa Power Pool, and support for regional policy making and capacity building.

(d) Capacity building

The Bank is providing support for the Senior Executive Development Programme, the intern programme, and in technology-related fields including WorldLinks and TELISA.

In view of South Africa's relatively high national income level, the World Bank will provide IBRD loans with tougher lending conditions than IDA loans, so despite the Bank's positive attitude regarding assistance to South Africa, the South African government has been

² IBRD (1999).

quite passive toward World Bank loans. Therefore, as mentioned before, the Bank to date has mainly been providing support in the soft aspects.

The World Bank has also drawn up the following three preliminary programs using the PHRD Fund (Japan Fund)

- (i) Consolidated Municipal Infrastructure Program
- (ii) Rural Water Program
- (iii) Rehabilitation of Regional Hospitals Project

Recently the South African government has shown a greater readiness to examine World Bank loans more seriously, and if the government were to decide to resume World Bank loans, the Bank would give full support, focusing on programs(i) and(iii) from those above.

In the provision of loans, the Bank has expressed the idea of encouraging Japan and other donors to provide cooperative loans (one of the reasons for this is that the Bank expects that by mixing project funding with more flexible terms than World Bank loans in the one program, the overall program's loan conditions will be more relaxed)

(3) African Development Bank (AfDB)³

The African Development Bank strategy is focused on reduction of inequality, infrastructure development in disadvantaged areas, regional economic integration, and privatisation. In the national strategic paper drawn up in 1997, the AfDB decided on loan programs to three major financing institutions as a means of enabling the government to achieve its development objectives.

African Development Fund(ADF) loans are not available for multi-national projects, so as yet the objective of regional economic integration has not been tackled. The implementation strategy for 1999-2000 is in line with the policy enunciated in 1997, though strengthening manufacturing competitiveness and privatisation are priority fields.

(4) European Union

The European Community (EC) began a special program in 1985 providing financial assistance to the victims of Apartheid through the Kagiso Trust. This was to counter the effects that the economic sanctions imposed on South Africa by the EC at the same time had on the disenfranchised population, and by bypassing the South African government and providing vast sums of aid to them, the EC was applying even greater internal and external pressure on the government.

Following South Africa's shift to democratic government, the EU began implementing the European Programme for Reconstruction and Development. Operating on an average annual budget of 127.5 million Euro, this is the largest program running in South Africa, and is also one of the largest of all the programs currently being implemented by the EU throughout the world. Aimed at helping the South African government address the socio-economic problems left by decades of Apartheid, the program has focused on the eradication of poverty and improving the living standards of the poorest sections of society over the five years between 1995 and 1999 (annual budget of 125 million Euro). Specifically:

Table 2-3 Recipients of AfDB loans

Loan recipient	Loan purpose	Amount	Current status
Development Bank of Southern Africa	Job creation, reduction of infrastructure disparity	R750 million	First LOC (line of credit) is currently being implemented
Industrial Development Corporation(IDC)	Strengthening competitiveness of the manufacturing industry, implementation of the spatial development framework (SDI), support for small and medium enterprises, job creation in the industrial sector	\$50 million	Aiming at implementation in 2000
Land and Agricultural Bank of South Africa	Agricultural job creation for small-scale farmers, reduction of urban/rural disparity	R600 million	Aiming at implementation in the first half of 2000

出所: AfDB(1997)(1999).

³ AfDB(1997)(1999).

- (i) Basic social services (60%) Improving basic education, adult education, vocational training, basic health care, HIV/AIDS, mother and child health care, water supply, sanitation and housing with a view to raising the living standards of the historically disadvantaged poor sections of South African society.
- (ii) Private sector development (15-20%) Providing support to small and medium enterprises, focusing on gender issues as many women are working in the informal sector, and urging banks and NGOs to provide loans to people from disadvantaged groups.
- (iii) Good governance, democratisation and human rights (15-20%) Rebuilding public services; national and provincial departments, and local government capacity building; and qualitative improvement in legal practice (rebuilding of the judiciary system, and training of judges)
- (iv) Regional cooperation: Integration of South Africa into regional programs implemented by the SADC (especially infrastructure, services, trade, investment, and finance) SADC secretariat capacity building.
- (v) Cross-field issues: Human resources development, gender considerations, and environmental protection and preservation.

The program will also focus on poverty reduction schemes after 2000. The objectives of the program will expand to include harmonious and sustainable socioeconomic development, and support for South Africa's integration into the world economy. The program plans to promote the relationship between EU and South African companies, and provide assistance to the establishment of an EU-South Africa free trade zone. It will also provide support for South Africa's democratic society and the rule of law, putting emphasis on human rights.

The Cooperation Council will be established to monitor cooperation in social fields. There will be regular meetings between the parliaments of the two sides and the Economic and Social Committee of the European Community and NEDLAC.

(5) European Investment Bank

The European Investment Bank (EIB) signed a framework agreement for the Multi-annual Loan Programme (for fiscal 1995-97, 300 million ECU) in September 1995 to assist in the democratic transition of South Africa based on the RDP. Support under the first framework was implemented at a fast pace, so a second framework agreement was signed in 1997 (for fiscal 1997-99, 375 million ECU) and through it, EIB is disbursing 150 million Euro a year for development assistance. In recent years EIB's annual commitment has reached 150-200 million ECU (Euro) making it the largest provider of loans to South Africa.

Table 2-4 Trends in EIB financial aid to South Africa

(Unit: million Euro)

Fiscal year	Prior to 1994	1995	1996	1997	1998	1999	Total
Disbursement	0	45.0	56.0	199.0	135.0	149.6	584.6

Source: EIB (various years)

Aid covers a broad range of fields from water supply and drainage infrastructure for the poor and loans for small and medium enterprises to major infrastructure development projects such as laying power lines, building toll highways, and natural gas development.

The highland water project (built between South Africa and Lesotho) and the South Africa-Swaziland-Mozambique power line project are examples of regional cooperation programs in southern Africa.

EIB has taken a positive approach to making loan conditions more flexible, as seen by the recent provision of Rand loans in response to a request by the South African government.

2-2 Bilateral aid organizations

(1) USAID⁴

USAID has set the following six development objectives.

- (a) Strengthen democratic institutions through civil society participation
- (b) Increase access to quality education and training

⁴ From <http://www.usaid.gov/regions/afr/sa.html> and Rice, S., "Testimony before the House International Relations Committee, Subcommittee on Africa." (October 1999)

- (c)Strengthen PHC and HIV/AIDS services
- (d)Improve capacity of governments and NGOs to formulate, evaluate and implement economic policies
- (e)Increase access to financial markets for the historically disadvantaged population
- (f)Improve access to environmentally sustainable shelter and urban services for the historically disadvantaged population

USAID programs conform with the objectives set by the Binational Commission (BNC) co-chaired by U.S. Vice President Gore and then South African Deputy President Mbeki (to build sustainable South Africa-U.S. relations in both the public and private sectors). Today programs are being coordinated through nine technical committees under the BNC.

The USAID strategy covers the period 1996-2005, while assistance for the private sector, housing, and health care is scheduled to end over the period 2000-2003. Focus will then be placed on assistance for education, governance, and economic policy.

(2) Canada⁵

In the 1960s Canada first voiced its complete opposition to the Apartheid system, and channelled aid for human resources development, policy support and institution building in preparation for the administration of a non-racial government through multilateral agencies and NGOs. Following the end of Apartheid, Canada resumed bilateral aid, and provided support at South Africa's first democratic elections including voter education especially for women in rural areas. In 1997-98 Canada disbursed \$14.3 million in assistance to South Africa. These days Canada provides assistance in the following four fields.

(i) Good governance

Canada assisted South Africa's first multi-racial elections, but before then, the Canadian International Development Agency (CIDA) had put in place a project to support public-sector restructuring, and education and policy reform. This project is also promoting exchanges of experts at the provincial level. The implementing agency is the International Development Research Centre. CIDA is also supporting the reform of the justice system with a project linking South Africa's and Canada's justice ministries. The project is

providing training for the judiciary, and for policy development and research within the justice system.

(ii) Human resources development

The Canadian McGill University is one of the executing agencies for four CIDA projects to assist the South African Ministry of Education - restructure and unify the education system; develop uniform national qualifications and standards; scholarships; and support for the teachers' development process.

(iii) Support for NGOs

CIDA is providing support for strengthening the capacities of community-based organisations.

(iv) Economic development

CIDA is providing support for dialogue among the economic entities concerned based on Canada's Whitehorse Initiative.

(3) Sweden⁶

Sweden supported the struggle against Apartheid from the 1960s, and channelled most of its assistance through NGOs. Since democratic elections were held in 1994, Sweden has been providing an increasing amount of bilateral cooperation aimed at the development of a democratic society.

Swedish development assistance up to 1998 amounted to SEK 261.7 million. Aid objectives for 1999-2003 are support democratic reform, alleviate poverty, and promote relations between Sweden and South Africa. Specific assistance is provided in the following fields.

(i) Democracy and human rights

Improve access to the legal system for the poorest groups in society

(ii) Public administration

Primarily the transfer of knowledge through Swedish experts

(iii) Education

Democratisation of the education system, improvement of teaching methods

(iv) Culture and media

Fostering the capabilities of Africans to manage museums and theatres, and support for training of children in art

(v) Urban development

Support for improvement of the urban landscape, financing systems for the poor to build their own hous-

⁵ "CIDA and South Africa" (http://www.acdi-cida.gc.ca/cida_ind.nsf)

⁶ "Sweden's Development Cooperation with South Africa" (<http://www.sida.se/Sida/articles/2900-2999/2912/index.html>)

ing, and advice and financing for construction of low-cost housing

(vi) Private-sector development

Running of courses designed to teach small businesspeople how to start their own company or improve an existing enterprise, micro-financing, and strengthening cooperation between South African and Swedish companies (establishment of the Swedish South African Business Partnership Fund)

(vii) Research cooperation (planned)

(viii) Support for NGOs

Support for Swedish NGOs active in South Africa

(4) Germany⁷

1) Technical Cooperation Corporation (GTZ)

GTZ has been providing assistance especially to NGOs since 1992 following the dismantling of Apartheid. During the Apartheid years it provided assistance to black South Africans and other socially disadvantaged or vulnerable groups, mainly in the form of vocational training and programs to raise living standards. Fields of particular focus are improving the living standards of black people in rural areas and residents of urban townships, and income creation for people working in the informal sector through assistance for small businesses. In 1998 GTZ dispersed DM 22.3 million, and implemented 15 projects mainly in Johannesburg.

2) German Development Bank (KfW)

KfW began providing financial cooperation to South Africa in fiscal 1996, later than the technical cooperation provided by GTZ. To date, most assistance has been directed to the supply of housing for the rural and urban poor, and to housing-related infrastructure.

One characteristic feature about KfW is that it pro-

vides assistance with a clear distinction between loans and grants.

There is every likelihood that KfW's assistance to South Africa will continue to increase as the economic relationship between Germany and South Africa grows stronger.

(5) U.K. (DfID)⁸

U.K. aid to South Africa ranges from policy formulation to governance, health, education, water and sanitation, enterprise development and rural development. Having disbursed 23.2 million pound in fiscal 1997, the U.K. will disburse 30 million pound a year over the three-year period fiscal 1998-2000, and is planning programs centring on assistance to the five poorest provinces containing the former homeland (Eastern Cape, Northern Province, North West, Free State, and KwaZulu-Natal Province)

The focus of the DfID development aid is in the following areas.

(i) Policies and actions which promote sustainable livelihoods

Objectives are growth and development, improved service delivery, more efficient and effective public services, and better use of financial services.

Major projects: The Local Government and Sustainable Livelihoods programme (LOGOSUL), Provincial Financial Management and Service Delivery, know-how support for the Department of Public Service and Administration, and Customs Transformation Project

(ii) Better education, health and opportunities for the poor

Objectives are to improve the quality of school education, implement the new curriculum, make effective use of the education budget, strengthen district health systems in Northern and North West provinces, tackle HIV/AIDS, ensure the provision of low-cost drugs (Essential Drugs Programme), support the provision of water supply services to the former homeland areas, and capacity building necessary for the provision of water services.

Table 2-5 Changes in the amount of KfW loans (including grants) to South Africa

(Unit: DM million)

Fiscal year	Prior to 1995	1996	1997	1998	1999
Disbursement	0	50	0	87	1.53

Source: KfW (various years)

⁷ "From GTZ Partner Countries – South Africa" (<http://www.gtz.de/laender/asp/laender.asp?spr=2&sektion=2&z=210408>)

⁸ DfID (1998)

(iii) Protection and better management of natural resources for sustainable rural livelihoods

Priorities are support for land reform, restructuring of agricultural support services for small scale and emerging farmers, community-based natural resources management in partnership with NGOs, and restructuring of state forests in the former homelands.

(6) France

The France Development Agency (AFD) began providing support to South Africa from 1994. Up to fiscal 1999, disbursements totalled 1,094.76 million Francs (about 18 billion yen).

Assistance has been centred on water supply, sewerage systems and electrification programs for urban and rural black poor, but has also covered a broad range of other fields, such as establishing lines of credit for the manufacturing industry and private-sector enterprises.

From fiscal 1998 AFD has been providing loans to the DBSA without requiring South African government guarantees. And from fiscal 1999, all AFD loans are to be in Euro.

In January 1999 AFD decided that assistance to South Africa would be limited to the education and health fields, and the impact of this decision will be closely watched.

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Table 2-6 Changes in the amount of AFD loans to South Africa

(Unit: million Francs)

Fiscal year	Prior to 1993	1994	1995	1996	1997	1998	1999
Disbursement	-	218.0	242.8	135.09	210.5	222.77	656

出所: AFD (various years)

Part III. Recommendations for Japan's ODA to South Africa¹

Chapter 1. Basic Perspectives on Development Assistance to South Africa

Takao TODA (JICA Senior Adviser)

1. "Singular regional power" - South Africa in the world politico-economic situation
2. The legacy of the Apartheid: Hidden Awful Backwardness
3. The Pole of ODA for strengthening "global partnership"

1. "Singular Regional Power"- South Africa as a Part of the World Politico-Economic Situation

Accounting for almost half of total production by Africa's 47 countries and 80% of production by SADC member countries, South Africa is a "singular regional power without any competitor in the entire African continent²", and it alone stands out in African Region in which many poor countries exist. In a speech at the United Nations University then Deputy President Mbeki stated "...South Africa's victory over the Apartheid system is an African victory. This, I believe, imposes an obligation on us to use this gift of freedom, which is itself an important contribution to African Renaissance³." Over 80 years of age, Nelson Mandela is still keen to continue his work as a "messenger of peace" even after his retirement from the Presidency. Although an aid recipient, at the same time South Africa also provides aid of roughly 300 million yen (15 million rand) a year to neighbouring countries. Since the end of Apartheid system, South African private-sector investment has

been spreading widely, not just throughout neighbouring countries but around the central and southern regions of the continent as well. It is worth noting that South Africa is consolidating its role as a bridge between Asia and Africa through such organizations as the Indian Ocean Ring Association for Regional Cooperation, which was proposed by South Africa. Considering it is the world's largest gold producer, is the largest supplier of rare mineral resources, and has the tenth largest stock exchange in listed stock value, it is quite apparent that South Africa must be seen in a global light. In this context, we should analyze South Africa in global political and economic situations.

2. The Legacy of the Apartheid: Hidden Awful Backwardness

In contrast to such external advantages, at the same time South Africa is burdened with the Apartheid legacy. An enormous effort beyond imagination is required for a nation that had previously been centered solely on a white community of just five million to cope with the situation in which it must suddenly meet the needs of a population of 40 million following its transition to democracy. South Africa cannot form new "Nation's Framework" in an overnight conquering its dark past lasted more than 400 years. The vigor of economic indicators and average income levels⁴ give no indication of the problems facing South Africa's black poor⁵. While

¹ Task Chief compiled Part III based on the discussions and comments of the Study Committee

² See also Chapter 3, Part I.

³ Mbeki, The Africa Renaissance: South Africa and the World, 9 April 1998. On the other hand, South Africa is very conscious of the wariness that its neighbours feel toward it; that is, a feeling that South Africa is the sole winner from the process of regional economic advancement, or, in some eyes, a sense of caution about the actualisation of South Africa's latent "supremacism". As analyzed in Chapter 2 of Part I, South Africa's neutrality in the Congo dispute in 1998 and intervention in the disturbance in Lesotho highlights the "selectivity" of its foreign policy in relation to its national interests; but behind this is also a serious consideration by the South African government not to generate needless alarm among its neighbours.

⁴ South Africa's GNP is \$119 billion (1998) roughly the same as Greece's (\$122.9 billion) per capita GNP is \$2,880, about the same as Costa Rica (\$2,780) and Panama (\$3,080).

⁵ Gini's coefficient for South Africa (1993-94) is, at 59.3, about the same level as that of the world's top ranking Sierra Leone at 62.9 (1989). The HDI for the African population only is 0.500 (1995) and for the white population it is 0.897, placing South Africa, by racial group, 123rd and 24th (higher than Singapore) in the world respectively (World Bank (1999) UNDP (1998)).

Box 1. Crime in South Africa

The Victims of Crime Survey of 4,000 people 16 years or older conducted by Statistics South Africa in 1998 revealed the following trends.

- In 1997, 21% of all households experienced at least one household crime, the most common of which was housebreaking and burglary.
- One in every two hundred households had experienced at least one incident of murder in 1997.
- The crime rate was highest in Gauteng Province (one in four households experienced at least one crime in 1997), and lowest in Northern Province (12%).
- Poorer households experienced more crime.
- About 15% of South Africans aged 16 years or older experienced at least one crime in 1997, the most common of which was theft of personal property, followed by assault.
- One in every 250 individuals aged 16 years or more had experienced at least one sexual offence during 1997.
- One in six males and one in eight females experienced a crime in 1997.
- Among African and Coloured people, the incidence of violent individual crime (assault, robbery involving force, sexual offences) was highest, while among White respondents, non-violent individual crime (fraud, property theft) was the highest.
- Individual crimes were highest among the younger age groups.
- Non-violent crime was highest in Gauteng and West Cape provinces (both 12%) and low in Mpumalanga (8%) and Northern (4%) provinces. Violent individual crimes were highest in Free State (12%), and lowest in Northern Province (3%).
- Violent individual crime is high among the low-income groups, while non-violent crime is high among the high-income groups.
- Most perpetrators of crime are friends or relatives of the victims.
- Firearms and knives are the main weapons used in crimes.
- Automobile theft has the highest rate of reporting to the police, followed by murder.
- Household crime is reported to police more in urban areas than in non-urban areas.
- The main individual crimes that go unreported are theft of personal property (report rate 28%), robbery involving force (41%), and sexual offences (47%).

Furthermore, SAPS reports the following.

- In Northern Province at least 587 people were murdered in witch-killing, and some 3,000 cases of witchcraft-related violence were reported in the period 1990-97.
- In 1998 there were 775 raids on farms, and 134 farmers were killed. This represents a 123% increase in the number of farm raids, and 58% increase in the number of murders, compared with 1997.
- Between January and September 1998, the percentage of farms attacks was highest in KwaZulu-Natal and Gauteng provinces (both 21%).
- During 1998, there were 37,572 crimes against children under 18, a 4% increase over the 1997 figure.
- Most rape victims in the sample survey are Africans, followed by whites, colored people, and Indians.
- Most rape suspects are Africans, followed by colored people, whites, and Indians, and 75% are aged 30 or under.
- As at the end of 1997, South Africa's prison population was 142,410, of whom 82% were adult males, and 2% adult females. The prison population is on an upward trend.

Official crime figures (1994 and 1998)

Type of crime	Ratio per 100,000 of the population			Actual numbers		
	1994	1998	Increase/ decrease (%)	1994	1998	Increase/ decrease (%)
Violent crime						
Murder	69.3	58.5	-15.6	26,832	24,875	-7.3
Attempted murder	70.5	69.2	-1.8	27,300	29,418	7.8
Robbery with aggravating circumstances	219.2	207.6	-5.3	84,900	88,319	4.0
Social fabric crime						
Rape (including attempts)	109.6	115.8	5.7	42,429	49,280	16.1
Assault with intent to inflict grievous bodily harm	542.9	550.2	1.3	210,250	234,056	11.3
Common assault	500.3	468.5	-6.4	193,764	199,313	2.9
Property-related crime						
Company theft	230.0	221.2	-3.8	89,058	94,102	5.7
Housebreaking	588.8	627.2	6.5	228,021	266,817	17.0
Other robbery	83.7	146.0	74.4	32,423	62,111	91.6
Shoplifting	173.1	148.1	-14.4	67,059	63,001	-6.1
Stock theft	116.5	95.2	-18.3	45,137	40,490	-10.3
Theft of mobile vehicles	269.3	252.7	-6.2	104,302	107,513	3.1
Theft out of/from mobile vehicles	471.5	443.0	-6.0	182,624	188,438	3.2
Other theft	987.4	1,004.1	1.7	382,407	427,132	11.7
Commercial crime						
All fraud and white-collar crime	161.6	145.9	-9.7	62,581	62,086	-0.8
Violence aimed at property						
Arson	29.3	23.8	-18.8	11,357	10,130	-10.8
Malicious damage to property	316.6	299.9	-5.3	122,598	127,590	4.1
Crimes heavily dependent on police action for detection						
Illegal possession of firearms and ammunition	28.8	34.0	18.1	11,136	14,463	29.9
Drug-related crime	122.2	93.6	-23.4	47,323	39,830	-15.8
Driving under the influence of alcohol or drugs	69.1	60.2	-12.9	26,771	25,606	-4.4
Total	5,159.6	5,065.1	-1.8	1,998,272	2,154,570	7.8

Note: 1) Only the 20 most important crimes are listed in the table.

2) Population is based on the 1996 Census.

3) Robbery with aggravating circumstances includes bank robbery, car and truck hijacking, and robbery of cash-in-transit.

Source: South African Institute of Race Relations (1999) p.50

the average unemployment rate is 33.9% (4.67 million), unemployment among the African black population is a disastrously high 42.5% (4.2 million). A level of crime, especially heinous crimes such as murder and rape, that is second to none anywhere in the world⁶ and South Africa has even been referred to as “the Frayed State⁷.” Those who know the richness of traditional village life in Africa are, without exception, startled by the state of devastation of South Africa’s rural villages and their lack of farmland and forestland as the minimum sustenance for independence. Here lies the legacy of the complete destruction of African agriculture in South Africa by land exploitation and dependence on migrant work under Apartheid.

The new aid policy for South Africa⁸ announced by Japanese government following the election of the new Mbeki administration in June 1999 was decided in the “sincere hope that South Africa will achieve further development and become the driving force for the resurgence of the whole of Africa⁹.” Behind this there was a feeling of expectation about the tremendous potential of South Africa, but at the same time, there was also an awareness of the harsh reality of what still needs to be done to eradicate the last vestiges of Apartheid. Understanding the special character that stems from the two sides of South Africa - “strength and potentials as a regional power” and “difficulties brought on by remnants of the old Apartheid system” - is the most fundamental and crucial key to understanding the significance of international cooperation for South Africa, and reflecting on how that cooperation should unfold in the future.

Priority issues for the development assistance to South Africa do not always correspond to the priority policies of the South African government. Naturally, Japan’s ODA cannot be the primary engine of South African develop-

ment, nor can it serve as a substitute for various private-sector activities. The objective of Japanese ODA has only ever been to bolster and complement the efforts of the country concerned in purely a supporting role. Economic growth, one of South Africa’s highest national policy priorities, should basically be left to the South African private-sector and the government itself, while Japan should provide ODA in a complementary capacity to facilitate their efforts in conjunction with commercial-based bilateral exchanges and OOF.

3. The Role of ODA for Strengthening “Global Partnership”

In the light of its position in the world, the assistance policy to South Africa should not be confined to contributing to the stabilization and sound development of that country alone; rather, there is a need to broaden the assistance vision to incorporate Southern African Region, or the entire African continent, and in turn, to work toward strengthening ties between Africa and Asia. The central pillar of assistance to South Africa should be focused on its efforts to overcome the legacy of Apartheid by providing support for the livelihoods of the poorest African groups in the country, but it alone does not imply the whole aspect of assistance to South Africa, which should be structured to meet the challenges of this broader vision. First, Japan’s future ODA should be examined based on the concerns that how both Japan and South Africa can contribute more directly to peace and stability in southern Africa and throughout Africa as a whole. In view of their respective positions in Asia and Africa, Japan and South Africa should step beyond the simple bilateral framework and pursue a cooperation structure that is conscious of the potential of this cooperation to

⁶ Murders and rapes in South Africa in 1995 totalled 18,983 and 36,888 respectively. At 45 per 100,000 population, South Africa’s murder rate is behind only those of the Bahamas, Lesotho and Swaziland, and is well above the world average of 5.5. The number of reported rapes jumped sharply from 27,087 in 1993 to 52,016 in 1997. According to the South African Police, the number of unreported rapes is estimated to be 35 times as many as those reported. (NICRO Women’s Support Centre, Oct. 1998, <http://www.womensnet.organization.za/pvaw/understand/nicrostats.htm>)

⁷ Bratton; referred in Chapter 2, Part I.

⁸ In view of cooperation totalling about \$1.5 billion over the past five years (of which \$500 million was ODA) Japan “will continue an appropriate level of assistance” over the next five years (statement on 16 June 1999 by then Foreign Minister Komura)

⁹ Statement by then Foreign Minister Komura.

form a bridge for broader Asian and African cooperation¹⁰. Cooperation based on such recognitions in turn will further strengthen the global partnership¹¹ between Japan and South Africa.

In the joint communique “Partnership Between South Africa and Japan for the 21st Century” issued during Deputy President (at that time) Mbeki's visit to Japan in April 1998, both governments “acknowledged each other as important partners in their pursuit of a common world order based on peace, democracy, justice and equality,” and emphasized “the importance of global partnership in preventing the marginalization of Africa in an increasingly globalization.” In particular, the Japanese government has high expectations of South Africa as the “driving force for the resurgence of the whole of Africa” (statement by the foreign minister)

From a global perspective, the Africa-Asia connection has really only just been established, and is therefore nowhere near as strong as the Africa-Europe/U.S. connection or the Asia-Europe/U.S. connection. The formation of the partnership between Japan and South Africa can be said as a challenge in terms of the global partnership.

The following brings together the Japanese government's future policies and initiatives concerning ODA for South Africa in the light of the cooperation vision mentioned here.

Based upon the above mentioned assistance perspectives, Japanese ODA frameworks to South Africa are stated in detail in the following Chapters.

¹⁰ In relation to this, it should be noted that South Africa is the largest Indian populated country outside of the Indian subcontinent and Malaysia, and in making up 2.6% (about one million) of the South African population. They have considerable influence in the ruling ANC, and in national politics as a whole. The potential of the Indian Ocean Ring Association for Regional Cooperation (IOR-ARC) established in 1997 at the proposal of South Africa and India, is as yet unknown, but the fact that it has been established as a precursor of new ties between the two regions, especially considering this Association, together with COMESA and the SADC member countries, is seeking to remove tariff barriers and free up financial and capital movements through cross-border initiatives. It is highly desirable that Japan seizes the opportunity and makes the necessary contribution to this while maintaining a close watch on future developments.

¹¹ “Partnership Between South Africa and Japan for the 21st Century”(joint communique)Tokyo, 9 April 1998.

Chapter 2. Priority Areas for Japan's ODA to South Africa

1. Social Stabilization through Support for Basic Livelihoods of the African Poor Population and Job Creation

- 1-1 Stable supply of basic public services
- 1-2 Support for self-reliance through job creation
- 1-3 More direct support for social stability and protection of the socially vulnerable

An important prerequisite for the stability of South Africa is to support the tough challenge of wiping away all legacies of Apartheid, especially to emphasize assistance to the poorest Africans. Contribution to such issues will be the central pillar of Japanese assistance to South Africa, but it must not be confined to mere "humanitarian aid for the poor." As mentioned before, alleviation of poverty among African population is the key to South Africa's overall stability, and that this in turn will lead to stability in southern Africa and throughout Africa as a whole. To support South Africa based on the recognition of the importance of South African stability is consistent with Japan's national interest that places Africa as an important partner within the international community.

1-1 Stable supply of basic public services

Japan's assistance for South Africa announced in June 1999 is "direct especially at countermeasures for the African poor population," and as for grant aid in particular, Japan will "begin an urgent examination of aid in the health and education fields in the former homelands which suffer serious poverty." This can be interpreted as clarifying the importance of alleviating poverty as an urgent issue to which Japan's ODA should give priority in order to promote the stability of a democratic South Africa, that is, promote peace and South Africa's ongoing democratic transition.

Here I shall briefly summarize the major issues in assistance for social stabilization of South Africa emphasizing the support for African poor.

First is the stable delivery of basic public services¹. Basic health care and education services, including pri-

mary and secondary education, literacy education, and general water supply, are the priority areas for assistance. Together with former President Mandela, President Mbeki has taken every opportunity to urge the entire nation to join forces and work toward the realization of a society where "the Dignity of Every Citizen" is guaranteed. Considering the massive burden by the legacy of Apartheid, the efforts of the government and people alone are not enough to build a society where even the poorest groups have access to at least the minimum necessary health care, education and other public services to enable them to live independent lives with dignity, and where people can reasonably expect at least a minimum level of safety and social security. As such, the international community is beholden to support South Africa overcome this legacy. Japan has been providing not just direct support for safety and social security (training for public safety and police personnel), but also various forms of assistance aimed at the delivery of basic public services, mainly in health care and education. Japan must continue and expand such assistance with highest priority. Among these, health care and education are absolutely crucial for securing minimum living standards and independence.

South African health care and education still retain the structural inequities formed during the Apartheid era, and there is still quite a severe income, regional and racial disparities in health and education standards and inequality in access to the services. South Africa is a nation in which a modern "developed" society exists side-by-side with a society that is in desperate need of a quantitative expansion and qualitative improvement of basic health care and primary and secondary education services which are in the same situations as those in other sub-Saharan African countries. In health care, despite being a middle-income country and spending a high 11% of the total national budget on health, South Africa continues to record low scores in health indicators - infant mortality rate stands at 45:1,000, 22.9% of children are suffering from stunted growth, and the impact of HIV/AIDS has pushed the average life expectancy down from 65 to 56². While private medical facilities can provide high standards of medical care, their public counterparts are lacking in hospital

¹ Including base infrastructure (schools, medical facilities, water supply and sewerage systems etc.) that underpins the delivery of services.

² From a 1998 United States Census Bureau publication.

management capabilities, and are plagued by a shortage of doctors (especially experienced doctors). In education, the learning environment in the former homeland areas is quite poor, and the quality of the science and mathematics curriculum at the former African schools is very low. In view of the tight education budget and as yet limited administrative capabilities within the government, there are some doubts about whether Curriculum 2005, an innovative program of educational reform based on lifelong learning that recognizes the interchangeability of formal and non-formal education, and aims at a transforming the current system into an result-based curriculum, can in fact be implemented.

Only 10-20% of the poorest households have access to a sanitary environment, water supply and electricity³, all of which have significant influences on quality of life and productivity, so improving the living environment is an urgent necessity.

The following table lists cooperation issues in each field.

1-2 Support for self-reliance through job creation

Second point for priority issues is the importance of assistance for self-reliance through job creation, especially rural community development and fostering labour-intensive industries.

The unemployment rate in South Africa is extremely high at 33.9%, and even worse among the African population at 42.5%⁴. Apartheid completely disregarded African agriculture, and dispossessed of their land and forced to work long distances from their homes, black communities move out of agriculture, and rural communities were no longer able to absorb labours⁵. Secondly, Apartheid also prevented labour-intensive industries typical of a semi-industrialised country from developing by keeping the domestic merchandise market underdeveloped, thus leading to the absence of a quality labour force, particularly in the machinery industry. Thirdly, a wave of job shedding is under way in key industries against a background of stagnant economic growth and strenuous corporate efforts to improve productivity. In South Africa, more than 50% of the total population and some 40% of all households are said to be living below the poverty line, and of them, up to 75% reside in “destroyed” rural vil-

lages.

In the face of this, the South African Government has put forward the ideas of selective industry fostering geared towards long-term economic benefits and the development of a “manufacturing-agricultural complex” based mainly on the RDP by identifying employment creation as one of the top priority economy policy tasks. However, the initiative is yet to produce tangible results and its future outlook is not particularly good. As can be seen from the above cause analysis, the issue of how to create employment is closely linked to the issues of how to create rural communities where residents can support themselves and how to foster labour-intensive industries. Based on this, Japan has been providing technical cooperation and grant aid for grass-roots project for organizing farmers, improving farm management, and fostering African and women entrepreneurs. In future assistance, based on the viewpoints of the creation of rural villages, we can consider the following kinds of assistance when forming specific assistance programs for rural communities exemplified in Table 2-2.

1-3 More direct support for social stability and protection of the socially vulnerable

The deterioration in safety and social security in South Africa has already been mentioned, but there is a pressing need to tackle the high incidence of heinous crimes such as murder, robbery with violence, and rape. Support should not be confined to simply preventing the direct damage from crime; unless people can feel safe to leave the protection of their own homes, socioeconomic development is a mere pipedream. Japan has already been providing cooperation to enhance the function of the police force, but more is required from the perspective of protecting women and other vulnerable members of society from crime, and contributing to the improvement of safety and social security in poor residential areas. This should go beyond strengthening measures to curb crime. There is also a need to examine the kinds of assistance that can enhance protection for the rights of victims, prevent crime, and turn around the trend of tolerating violence, which is at the heart of much of the crime in South Africa.

In view of the harshness and special circumstances of

³ May, J. *et al.* (1998).

⁴ Statistics South Africa (1996).

⁵ In most sub-Saharan African countries agriculture accounts for the 76% of the working population, but in South Africa it accounts for just over 10%, and contributes a low 5% of the nation's GDP.

Table 2-1 Priority Assistance Areas, Considerations, and Detailed images of Assistance relating to Provision of Basic Public Services

Priority assistance area	Detailed images of assistance
Expansion and enhancement of basic health and medical care services	<ul style="list-style-type: none"> • Construction and rehabilitation of public health and medical care facilities that are most accessible to community residents (front-line facilities) and supply of equipment and materials • Fostering of personnel who give direct health guidance to community residents, such as public health nurses, nutritional advisers and paramedical workers (e.g. the development of training facilities and assistance in the expansion/enhancement of distance education) • Assistance in ongoing procurement of basic pharmaceutical products and basic health and medical care equipment/materials (technical guidance relating to the establishment of a procurement system and guidance on the establishment and operation of a revolving fund system) • Assistance in the securing of community-level medical care personnel, equipment/materials, facility operation funds, etc. (assistance in income creation activities)
Establishment of a health and medical care referral system	<ul style="list-style-type: none"> • Advice and guidance on the establishment of a referral system • Infrastructure development for the establishment of a model referral system
Expansion and enhancement of primary and secondary education services	<ul style="list-style-type: none"> • Construction and rehabilitation of primary and junior high schools • Construction and rehabilitation of teacher training and retraining centres and other facilities • Guidance on the improvement of education curriculums (especially in science, mathematics and other fields in which Japan is strong) • Development and expansion/enhancement of distance education facilities for teacher training and retraining
Expansion and enhancement of adult education services	<ul style="list-style-type: none"> • Assistance in the expansion/enhancement of the adult education system and curriculums geared towards self-sufficiency and employment in the community (popularisation, expansion and enhancement of ABET) • Development and expansion/enhancement of distance education facilities
Comprehensive development of the living environment	<ul style="list-style-type: none"> • Development and expansion/enhancement of water supply/sewerage, power distribution and telecommunications infrastructures • Establishment of a maintenance and management system for communal water taps and other amenities • Development of waste disposal facilities and establishment of a “sustainable” waste management system (including the utilisation of a make-work employment programme, etc.) • Construction of houses for low-income earners and supply of equipment/materials
Considerations	
<ul style="list-style-type: none"> • Compatibility with government policy should be ensured in each sector. (In education, for example, only programmes that are in line with “Curriculum 2005” should be supported.) • Efforts should be made to minimise the financial burden, particularly maintenance and other subsequent expenses, on the South African Government. (In the area of medical care projects, the haphazard supply of advanced medical equipment and materials with large future expenses should be avoided.) • Former homeland areas should be given top priority, with consideration also given to other poverty-stricken areas (e.g. urban slums in and around major cities). In any case, preference should primarily be given to rural poverty-stricken areas, as the development of a lifeline infrastructure in the slums and other slum-oriented measures may only encourage their entrenchment and spread. • Importance should be attached to community-level participatory development. (Examples include the utilisation of labour supplied by community residents in the case of facility construction.) • Efforts should be made to utilise local contractors and minimise construction and other costs. (In South Africa, local contractors can be counted on unlike other LLDCs. In primary school construction and other projects, good ideas and methods that have successfully been utilised in past and present projects should actively be employed. • Instead of planning assistance in each sector in an isolated manner, synergy effects should be pursued through a cross-sectoral approach. (Examples include the construction of education facilities and health/medical care facilities in close proximity to allow the sharing of some facilities and the utilisation of primary and secondary education facilities in adult education.) • The local knowledge of NGOs, CBOs, etc. should be utilised. 	

Table 2-2 Priority Assistance Areas, Considerations and Detailed Forms of Assistance relating to "the Creation of Rural Villages"

Priority assistance areas	Detailed images of assistance
Rural community development using the cross-sectoral approach	<ul style="list-style-type: none"> • Support for the development of community service complexes comprising health and education facilities, processing centres, etc.; • Assistance to small business associations or voluntary savings associations based on farmer assistance programs by agricultural cooperatives or the DBSA in the former homeland areas (including examinations of the comparative advantages according to regional characteristics, and surveys and proposals on role-sharing in future rural community development) • Assistance for capacity building in local administrative organizations
Assistance for starting up small businesses	<ul style="list-style-type: none"> • Assistance for starting up businesses such as food processing, production of daily necessities or craft goods, aimed at local consumption (including support to, capacity building in institutional management)
Creation of local markets as well as market zones that strengthen the links between rural communities and regional cities	<ul style="list-style-type: none"> • Assistance for rebuilding traditional regular markets and developing suburban agricultural markets; • Improvement of farm products storage and sales structures (assistance for building joint-use silos, and joint consignments) • Comprehensive planning and implementation of infrastructure development as well as marketing network building in regional cities and rural villages
Ensuring techniques and farming methods that can take root in local areas	<ul style="list-style-type: none"> • Unearthing and consolidating traditional local knowledge, and preserving local crop varieties and farming methods; • Research and promotion of natural farming methods and small-scale farm production; • Assistance for NGOs with experience in natural farming methods, and retaining agricultural extension workers
Integration of agriculture, stock farming, forestry, and fisheries to ensure the sustainable resources use	<ul style="list-style-type: none"> • Assistance for the agricultural use of fowl manure and fish farming in irrigation ponds
Training of extension workers who can serve as links between the community and local administration	<ul style="list-style-type: none"> • Retraining for and improving the skills of extension workers with specified skills so they can advise on organizational management and planning
Development of the basic data for rural development	<ul style="list-style-type: none"> • Assistance for developing the basic data necessary when autonomous local land reform
Considerations	
<ul style="list-style-type: none"> • Assistance that is deeply rooted in the local area and that can facilitate autonomous local development; • Support for human resources development and institutional building with a view from the social and environmental aspects of agricultural policy; • Priority on assistance for poor people in the former homelands and city outskirts; • Promotion of people-centred development programs and effective collaboration with NGO/CBO 	

South Africa's situation, when examining specific measures Japan should not rely only on its own knowledge; rather it would be more practical to pay high regard to the knowledge and expertise accumulated in local research institutions.

Based on proposals by the Truth and Reconciliation

Commission (TRC), compensation for victims of Apartheid system will be paid from a special presidential fund in response to urgent requests, and while a special levy is being examined to fund compensation payments⁶, Japan can also look at supporting⁷ this process. There is much for Japan to learn from this process as well (See Box 2)

⁶ Refer to Chapter 2, 1.4., Part I.

⁷ Specifically, consideration can be given to providing benefits to Apartheid victims as a priority when providing assistance to the poorest African people.

Box 2. Truth and Reconciliation Commission

At talks held between the National Party and the African National Congress during the transition of political power in South Africa, an agreement was reached that those legally responsible for human rights violations during the Apartheid regime could be granted amnesty in return for fully disclosing their role in such violations in a commission format, and the details of this agreement were specially written into the 1993 interim constitution. In July 1995 the South African parliament enacted the Promotion of National Unity and Reconciliation Act, No. 34, and at the end of the year, the Truth and Reconciliation Commission began hearing evidence. Comprising eleven commissioners (Chairman - Archbishop Desmond Tutu) appointed by the President, the Commission was charged to consider (1) human rights violations, (2) amnesty, and (3) reparation and rehabilitation, and committees were formed to carry out the necessary fact-finding studies and investigations for the individual tasks.

The Commission looked into gross violations of human rights (murder, torture, and kidnapping) that occurred between March 1, 1960 and May 10, 1994, and from this, about 38,000 cases of human rights violations (including about 10,000 murders) were investigated. Investigations were not restricted to violations perpetrated by the Apartheid authorities, but also covered those by the liberation forces, a stance understood to be a strong appeal to the nation as a clear demonstration that human rights violations of any kind would not be tolerated in the future South African society. Hearings into human rights violations and investigations into the claims by perpetrators applying for amnesty were (for the most part) open to the public so anyone could attend, and developments in the proceedings of the Commission were widely reported within South Africa and internationally by the media, and all exchanges were published on the Internet. And with the support of various NGOs, the Commission itself went out to the rural areas with simultaneous interpreters and with experts in treating trauma so that people could give evidence in the language of their choice, and receive help in the psychological side of their experiences. In this way, the Commission gave every possible consideration to the standpoint of the victims.

Special investigations also focused on the business sector, churches, judiciary, health sector, the media, prisons and other social organizations and structures, and also youth, children and women to ensure that the scope of the investigations were not limited to individual acts of murder thereby allowing the crime of Apartheid to go unchallenged. Conscious of the point that those at the highest level of responsibility for the Apartheid structure could escape the reach of justice, the final report stressed that the South African justice system can and must gather evidence against those considered to be perpetrators of gross violations of human rights for future prosecution.

South Africa's Apartheid past will not be conquered only by the work of the Commission, but in the few short years since the change in government, the Commission can be commended as a rare attempt by a government through its own initiative to clarify the truth, provide relief to victims, and build a new system of coexistence. There have been criticisms that the Commission is merely a product of political compromise, but it can be said that the idea of "reconciliation" in which confrontation between white and non-white is overcome and all people can live together will open up new paths and possibilities for South Africa.

References: Yoko Nagahara (1999) pp.34-38, Truth and Reconciliation Commission home page (<http://www.truth.org.za/>)

2. Support for Provincial and Local Government Capacity Building that will Form the Core of the Sustainable Development System

Regarding measures to combat poverty, South Africa is burdened with a severe handicap of a "major administrative void" as a legacy of Apartheid in which 35 million African people were not recognized as citizens of South Africa, and received no government services.

Some would claim that "the wealth and social opportunity as a source of that wealth enjoyed by the white population can be shared to alleviate the poverty of the African community", and the effort to this end can already be seen to a degree in the advancement of affirmative action. However, the enforced and hasty redistribution of wealth by the state could well jolt South Africa's economic foundations and foster social instability, and both South Africa and the international community are fully aware that this is not a realistic option, and that assistance by the

international community for the peace and democratization process in South Africa is essential.

The key to filling this "major administrative void" and building a sustainable development system is the part played by local entities, especially provincial governments, and the non-profit sector (refer to 3-4 for the effective use of the non-profit sector). In general, the South African government only formulates policy, and hardly becomes involved in its implementation, although this varies slightly from sector to sector. On the other hand, while provincial governments and other local government bodies are supposed to provide administrative services, including the implementation of programs under policies formulated by the central government, to date the private non-profit sector has been the main provider of those services, and in many cases local governments do not have sufficient capabilities to take over these functions. And it cannot always be said that the links between the central and local governments are especially smooth.

Japan's ODA adheres to the principle that it is implemented under an agreement with the central government, but as has already been mentioned, the target for Japanese development assistance to South Africa is the poorest African people, who are on the lowest rung of the social ladder and furthest from the halls of central government decision making. But because of this "administrative void", it is extremely inefficient to carry out all processes of assistance from planning to implementation working only through the central government, and there is also the risk that assistance will not be in line with actual conditions among the poorest elements of local communities. In fact, the South African government appreciates that the execution of policy is basically a provincial government responsibility, and such local governments do not always show active ownership in the implementation of individual projects. For example, general information regarding trainee programs is sent directly to provincial governments in provinces that Japan considers a priority for such assistance. Therefore, to develop projects that meet regional needs, Japan is working closely together with provincial governments and experienced private-sector non-profit organizations on the practical side of development assistance, while maintaining the minimum necessary contact with the central government⁸.

On the other hand, provincial governments are generally lacking in people with technical or specialist skills such as accountants, doctors and teachers, and overall administration can tend to be inefficient. Japan is providing primarily technical cooperation for human resources development in such areas as general local administration, police, health and education by way of programs for provincial and local government capacity building to help South Africa resolve this "administrative void" through its own efforts. And as well as supporting local governments gain the necessary administrative skills to serve their communities, these programs are also an effective means to give regional officials a good understanding of Japanese aid methods so that future assistance can be implemented more efficiently. But these forms of assistance are still few in comparison with the vast assistance needs, and more assistances are eagerly expected.

There are indications that South Africa is becoming increasingly centralized⁹ through the single dominant party system under the ANC, and certainly, in view of the

current duplication of various central and regional administrative systems, there is a need for some degree of rationalization. From the viewpoint of ensuring the provision of administrative services to 35 million African people newly recognized as "citizens" of their own country, and also ensuring their access to those services, Japan must continue its positive support for building the capacity of provincial and local governments as both recipients of assistance and partners with Japan in the implementation of assistance programs. Priority must be given to capacity building in provinces where, despite large numbers of poor people, services are particularly inadequate because provincial and local governments lack the necessary capabilities. What is increasingly required in this case is to coordinate or to combine some assistance projects such as technical trainings or seminars which are held in South Africa or in Japan. These assistance should be implemented to obtain some quantitative and continuous effects, not sporadically.

3. Clarification of Cooperation and Role-Sharing beyond the ODA Framework

ODA to South Africa should be provided not simply in the context of poverty and development, but from a peace and democracy perspective and from a global viewpoint including a contribution to a new world order. The essential design of this partnership is to facilitate the birth of a new era in Asia-Africa relations, and well positioned to contribute to this, ODA is looked upon with anticipation that it can open up new prospects through bold and resolute undertakings that do not adhere to past frameworks or forms of assistance. In this process, instead of seeing South Africa as a mere aid recipient, Japan must adopt the attitude that it will also learn something from South Africa. For example, Japan has much to learn from the leadership shown by South Africa in peacebuilding and preventive diplomacy in Africa raised by Japan at the Second Tokyo International Conference on African Development (TICAD II), and in the process of national reconciliation centred on the Truth and Reconciliation Commission. It is also expected that Japan and South Africa can work together and utilize these outcomes in supporting other countries. Organizations like the Asia-Africa Investment and Technology Promotion Centre,

⁸ Of course, this does not mean relations with the central government are disregarded; rather, it is important that relations focus on the broader picture of bilateral ties under the global partnership.

⁹ Refer to 1-1 of Chapter 2 in Part I.

established in Malaysia in 1999 under the policy framework of TICAD II, show potential as important venues for meetings and coordination between Asia and Africa, and also between Japan and South Africa.

When considering ODA to South Africa, perhaps paradoxically, what are important are the partnership that steps beyond the ODA framework, and, at the same time, the process of clarifying ODA role sharing within that partnership. To this end, the Japan-South Africa Partnership Forum, established in 1998, should become much more dynamic with active participation by leaders from the private sector and non-profit organizations. While various proposals based on the values of “promoting regional peace and democratization”, also identified in this paper, are evolving, including looking at ODA not merely in the “development” context, but in the “peace” context as well, and setting up the opportunities for mutual and open exchanges of views will certainly bring positive and beneficial outcomes.

In addition, it is also worth looking into setting up opportunities for discussions among those from both countries engaged in the practical side of assistance, experts in charge of the various assistance programs, as well as researchers and other scholars, and people from NGOs and local governments within the Forum framework to promote free exchanges of views with an eye to making assistance more effective from a pragmatic standpoint. Coordination between aid agencies' staff and researchers is crucial, and it is desirable that this forms the basis for the active implementation by Japan in particular of various promising aid proposals that combine both practical appropriateness and creativity. It is also desirable that policy makers actively take in these ideas and adopt as flexible an approach as possible regarding the ODA system and the form of aid, with consideration given to the special nature of South Africa and the importance of the Japan-South Africa relationship. For example, regarding the yen loan system, Japan should actively examine a more flexible response to repayment period and interest rates, or a response more closely aligned with South Africa's needs, such as designing a cooperation package comprising grant aid and technical cooperation, taking into account the complementary and cooperative links with OOF and private-sector funds.

In view of the tough situation faced by the new South Africa, Japan's basic ODA approach to South Africa is to focus less on the “light” and put greater emphasis on the “shadows”.

What South Africa is looking to in its international cooperation with Japan is the development of bilateral relations based on new perspectives conceived in the advancement of 21st century globalism, and pragmatism that will bring this to fruition in some tangible form. With full consideration to South Africa's expectations, Japan is extending ODA to the “shadow” areas where OOF and private-sector economic activities on a commercial base would find it difficult to cover, and at the same time, it must also maintain cooperative ties with OOF and the private sector and provide lateral assistance that is complementary to their activities.

Chapter 3. Practical Measures and Considerations

1. Cooperation that reaches the poorest people and ensuring sustainability
2. Effective collaboration with the non-profit sector (NGO/CBO)
3. Effective collaboration with local resources(local private companies)
4. Consistency with South African government policies and partnership including at the implementation level

1. Cooperation that Reaches the Poorest People and Ensuring Sustainability

To make assistance effects reach to the poorest communities by expanding its sustainability from “single points to whole areas” is by no means simple as the poorest communities tend to lack the capabilities to absorb that cooperation. So aid providers and recipients must take a tough view on what kind of aid can be absorbed and sustained after it has been implemented, and work together through trial and error to ensure the aid provided is appropriate. There is also a need to continue exploring how successful examples of aid can become a catalyst for subsequent success, and how to build “a mechanism for a success chain reaction”. ODA received by South Africa equates to a mere 0.27%¹ of GDP, and both sides must look at how to ensure this relatively small amount of ODA can become a catalyst for further development so that its effect expands from “single points to whole areas”.

To make this happen, it is important to do the following issues;

- (1) Give due consideration to the measures necessary to ensure the sustainability and expandability of each project after the conclusion of co-operation and implement them gradually right from the planning stage.
- (2) Establish a mechanism whereby projects will ultimately become self-sustaining based on South Africa's self-help efforts, and use this process to

encourage South Africa to take an active part in project implementation under its ownership.

- (3) Provide patient and sustained follow-up until each project becomes self-sustaining based on South Africa's self-help efforts, with any remaining problems identified and necessary additional assistance provided.
- (4) Analyse projects which have been successfully implemented in terms of self-sustainability and expandability, with lessons learnt applied to other co-operation projects.
- (5) Utilize NGOs and others who are experienced and well-versed in local conditions throughout the above process and make full use of their knowledge.

For example, in the Study on the Expansion of Capacity of Magalies Water(development study) not only was the facilities extension planned, but other activities were undertaken as well: in the pilot process, several pilot-type facilities were built, and each community was required to set its own method of collecting water charges in a participatory way, and by monitoring this, the optimum maintenance and management systems could be identified. This project has been taken up in a DANIDA report as a successful example of assistance for advancing village communities.(See Box 3.)

In the case of Northern Province, where agriculture has the potential to become a major industry, “Creation of rural village” is the key issue. In this regard, it is envisaged that the co-operation process will incorporate an attempt to form a loose collaborative arrangement or network among ongoing small-scale local projects on a provincial scale, have their lessons and knowledge shared, and reinforce and expand “successful experiences”. In this regard, assistance aimed at developing a mechanism or scenario to achieve this is worth considering.

From the viewpoint of human resource development, it is not appropriate to directly target the poorest sections of the community, given their limited absorptive capacity and the possible geographical development for the

¹ Calculated from the Ministry of Foreign Affairs(1999)(1996 ODA of \$361 million to 1996 nominal GDP of \$132,455 million; the average for all Africa, including South Africa, is 3%, so ODA has ten times as much weight in the whole of Africa as it does in South Africa)

Box 3. The Study on the Expansion of Capacity of Magalies Water, the Republic of South Africa (1995-97)

This study covered the water service area extending over the four provinces of Mpumalanga, North West, Northern and Gauteng, and examined the appropriateness of the plan to extend water supply services to black residential areas that currently have no or a poorly maintained piped water supply. The study included a plan to establish a water commission for the four regions and actually build water supply facilities as a pilot project.

The study area extends over 37,500 km², an area roughly the size of Shikoku, and is a semi-arid or arid region with annual rainfall of around 500-800 mm. The area's population in 1995 was 3.1 million, and this is expected to rise to 5.3 million in 2015. The water supply system in the area is indeed complex: the dominant water supply enterprise is the Magalies Water Board, but there are also water supply enterprises run independently by local governments, water supply facilities operated and managed by DWAF, and water supply facilities for the former homelands (African residential areas) while other districts receive their water supply from water boards outside the study area.

The first phase was the preparation of the master plan; the second phase involved narrowing down the areas for consideration to three, and conducting a feasibility study on each; and in the third phase, the areas were further narrowed down, the pilot project was implemented, and three types of charges collection systems - prepaid card system, community level payment collection, and placing extension and guidance workers to collect payments - were implemented. After the completion of the pilot plan, follow-up and monitoring continued until November 1998, and a briefing on the results was given to DWAF in seminar format.

From the results of the pilot project, it was clear that a participatory approach in which implementing authority was delegated to the headmen of the villages was effective. Communities that have received cooperation from local administrative organizations, have a village committee and a high awareness about resources management, and are experienced in the implementation and management of regional development projects have the capability to accept community projects, so here, with sufficient talking between the two sides, the supply of water and collection of water charges are proceeding smoothly. Conversely, in other communities the pilot project's implementation was made much more difficult by local political power games in which the local water committee was disregarded when the local project management committee was formed, resulting in turmoil and confrontation. The following lessons can be learned from such communities where the supply of water did not go well.

- For procedural issues, clear definitions and positive guidance are necessary.
- For smooth implementation, social and development facilitators are essential, and considerable time needs to be taken to understand the individual characteristics of local organizations. This will in fact save time in the long run.
- The pilot project may take longer than estimated in the pilot program.

It was found to be difficult to change people's perceptions about paying for water when, under the prepaid card system, they could get water for free by interfering with or damaging the equipment, or they could have pipes illegally connected directly to water pipes laid by white groups, even though the cost of the work involved was not cheap.

Source: JICA

moment.

Providing support for personnel training who will become the key driving force for more effective assistance is an important measures to effectively implement assistance projects that reaches to the poorest groups. From the viewpoint of helping to build the capacity of provincial governments and communities to absorb aid and implement projects, or, as mentioned above, from the viewpoint of providing assistance to entrepreneurs in rural areas, and through this, fostering the personnel who can become the key to the advancement of regional society.

As for priority regions for assistance, considering the overall level of poverty and the capacity to absorb aid, Northern Province, Mpumalanga, Eastern Cape and Kwa-Zulu-Natal are priority provinces for technical cooperation and grant aid for general projects, but in addition to

prioritising on a provincial basis, it is desirable to pay closer attention to provinces such as North West that have received less aid and whose development is lagging behind the other provinces. Furthermore, the poorest groups concentrated in metropolitan areas should be focused, and a more carefully designed responses are necessary so that many poor black South Africans living in administrative regions of average affluence can also enjoy the benefits of ODA. From a similar viewpoint, considering the rapid pace at which the division of classes is progressing even within black South African society, there is a need to be particularly conscious of benefits to black people who do not enjoy the advantages that are afforded by affirmative action or wage disputes.

To date Japan has been implementing training programs in Japan for more than 130 trainees a year from South Africa, including 12 special country-specific train-

ing courses. These training courses concentrate on areas that reflect South Africa's needs, such as small and medium enterprises, rural community development, education, health care, and provincial government personnel training. For example, the mathematics and science teacher retraining program being implemented in Mpumalanga Province is a conspicuous project which changes its approach from province-based to program-based, and the dispatch of Japanese experts would be incorporated in the program.

To have "successful experiences" that will emerge from the above process take root and spread in the community, they must be "expanded for the reproduction of successful experiences" as mentioned above. The following table lists possible directions of achieving this.

"Horizontal" development	Linkage among projects in the same field in different regions, or in the same region in adjacent fields (emphasis on interconnection of programs related to rural community development and small and medium enterprise promotion, etc.)
"Vertical" development	Linkage among projects at different levels that are progressing at the same time (linkage between support for provincial government level policy and community business development
"Time series" development	Time series development that emphasizes sequence (success chain reaction: active use of past cooperation outcomes and lessons)

To advance such programming, it is essential to establish a forum in South Africa that can play a pivotal role in managing and coordinating this programming and devising new ways of tackling issues. Establishing the "permanent secretariat" functions and systems in field-level can be introduced to JICA's overseas offices. This secretariat would gather new assistance ideas, plan, materialize, monitor and expand these ideas. From this perspective, it is desirable to have means of using or applying the following schemes and institutional arrangement.

(1) Utilization of Integrated Social Development Programs²

(Project formulation, monitoring of related projects, information exchange, accumulation of knowledge, and feedback as necessary using local business expenditure)

(2) Program coordinators (expert coordinators)

(3) Policy advisors, wide-area experts, wide-area/regional project formulation specialists

(4) Turning project leaders into program leaders

(Giving experts who are assumed to work in specified projects additional duties regarding cooperation themes to tackle the project at hand, such as monitoring, accumulating knowledge and experiences, and identifying new projects from the viewpoint of broadly exceeding the confines of the project)

2. Effective Collaboration with the Non-Profit Sector (NGO/CBO)

The private non-profit sector has been providing services on a voluntary basis in place of local governments, and has built a great depth of experience and influence in development projects. On the other hand, though, overseas aid, its main source of funds, and personnel are shifting³ to the new government bodies, and with the statutory establishment of the local government system, it is losing its position as essentially the main provider of administrative services.

The experience and vitality of the private non-profit sector can effectively complement the efforts of provincial governments, and ensure that assistance reaches poor Africans. Of course, the private non-profit sector are so diversive, we should carefully examine their activities when we would like to collaborate with them. NGO/CBOs with experience and expertise in grassroots activities in rural communities can be expected to become effective partners in cooperation that can reach down to the poorest elements of society, while the think tank type NGOs with informal lines of contact within the central government can become partners in the policy assistance forms of technical cooperation.

² This is the comprehensive approach for cooperation which has been applied in Ghana since 1998 with the aim of supporting community development activities by building the capacity of the administrative system in the recipient country and effectively utilizing local resources, while linking up with other technical cooperation centred on project-type technical cooperation to achieve the social development goal of alleviating poverty.

³ For example, the EU recently reversed its NGO aid ratio from 25:75 to 75:25, so in this way, the amount of funds flowing directly from overseas aid agencies to NGOs is being reduced.

More can be expected not just from the South African private non-profit sector, but also from the Japanese private non-profit sector active in South Africa. For example, one Japanese NGO is carrying out many dynamic projects including those aimed at revitalizing communities by building structures that promote the autonomous community development, assistance for natural farming methods, preservation of native crop varieties, and construction of primary schools in township in a participatory way, and has established a valuable human network within South Africa. Japan should actively promote ties with such NGOs, while making maximum use of new forms of technical cooperation and loans. I touched on this in Chapter 2, but participation in the Japan-South Africa Partnership Forum by NGOs from both countries is worth serious consideration in view of the importance of the private non-profit sector in South Africa.

3. Effective Collaboration with Local Resources (local private companies)

South Africa has many highly capable private companies, and these local resources can be considered as contractors of facilities under financial assistance. To improve the efficiency of aid delivery, such collaboration should be enhanced in the future. For example, when building a primary school under grant aid in Eastern Cape Province, Japan made extensive use of local materials and services, and a detailed comparison of unit cost with similar projects implemented by other donors. And considerable cost management were carried out by local cost manager. It is imperative that such knowhows should be accumulated in future.

4. Consistency with South African Government Policies and Partnership including the Implementation Level

The policies of South African government are not always consistent with the priority that given by international donors. Moreover, the South African government does not always welcome foreign experts to participate into the policy making process within the government. On the other hand, depending on the area, the South African government does use the private sector quite decisively in policy formulation⁴. In international assistance,

recipients often have certain misgivings about “one-sided assistance”, and these feelings are particularly strong with South Africa. Given its considerable power as a nation and proud history of a long struggle with, and ultimate triumph over, Apartheid, a donor's insensitive attitude or careless approach could lead to unnecessary frictions. When considering participation in its policy process, therefore, it is important to observe the following two points: (1)the donor should never be presumptuous enough to request it or even force it; and (2)even if it is allowed to take part, the donor should never “advertise” the fact. Although it may seem simple and obvious, the importance of a donor accumulating results through steady efforts with humility and respect for South Africa's ownership in winning its trust cannot be over-emphasized.

South Africa presents donors with two major challenges. Firstly, the nation is confronted with a mountain of problems to which there are no easy solutions, including the legacy of Apartheid. Secondly, the country has an unparalleled high moral attitude towards “receiving foreign aid”. From a donor's point of view, this can only be reciprocated with high-quality assistance. Meanwhile, coinciding with the establishment in 1999 of the Mbeki government, which marked the entry by democratic South Africa into the second stage of its “founding process”, the Japanese Government announced a second South African assistance package and promised large-scale financial assistance in the form of ODA, as mentioned earlier. In this regard, if assistance is provided without a clear vision or correct understanding of the situation, it will only result in disappointment about, or even contempt for, Japan, irrespective of the amount of money injected. Now that an assistance package for South Africa has been formally adopted. Japan should fully recognize the fact that South Africa would be the driving force of the African Renaissance and continue its assistance for South Africa.

⁴ For example, the government requested famous think - thank to formulated draft policy in the field of crime prevention.

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