

Country Strategy for Development Cooperation

South Africa

January 1, 1999 – December 31, 2003



REGERINGSKANSLIET

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PROPOSED COUNTRY STRATEGY FOR DEVELOPMENT CO-OPERATION WITH SOUTH AFRICA 1999-2003

The Government has decided to draw up long-term country strategies for bilateral development co-operation with the co-operation countries where Sweden has extensive activity, including South Africa. In a Government decision of 22 January 1998, specific guidelines were stated for the task of working out a country strategy for development co-operation with South Africa. The country strategy for South Africa shall guide the direction of the entire Swedish development co-operation with the country during the period from 1 January 1999 to 31 December 2003.

The proposed country strategy is based on the memorandum "Development co-operation with South Africa, 1999-2003", 18 December 1997 and a large number of studies, which the Embassy in Pretoria has had carried out. In addition, there are the Ministry for Foreign Affairs' own considerations.

1. Conclusions from the country analysis

South Africa has many of the prerequisites for positive development that are lacking in the majority of other co-operation countries for Swedish development assistance in Africa. The country has a well-developed market economy, a well-established manufacturing industry, an advanced financial system, low foreign debt and manageable inflation. The infrastructure is well developed. The country has 21 universities and relatively advanced research in certain sectors. With the new constitution, a basis has been laid for a functioning state governed by law. The country has a functioning multi-party system, a strong trade union movement and civil society and independent media.

However, there are many difficult obstacles to development. Although South Africa is described as a medium-income country, poverty is widespread. Half of the population are classified as poor. Poverty is strongly linked to geographical domicile, ethnic group and gender. It is intimately related to the lack of work opportunities. Formal employment has not kept pace with the increase in population during the past 20 years, partly due to low or negative growth in the economy, and partly due to manufacturing industry being increasingly capital intensive. Unemployment is estimated today to amount to over 30 per cent. Over seven million people can neither read nor write. Over ten million people live in huts, hovels or so-called hostels. Almost three million people are physically or mentally handicapped.

In addition to these basic problems of a socio-economic character, the Government is confronted by a number of other issues, among the most serious of which are the reform of the public administration, criminality and corruption, lack of water and HIV/AIDS.

South Africa's national development strategy for the period 1994 to 1999, the Reconstruction and Development Programme (RDP), has as its overall objective to combat poverty by economic growth and redistribution within the budget. The strategy focuses on four main areas, namely democratisation of public administration and society, education for all, satisfying basic needs, and economic development.

South Africa's first democratic, non-racist constitution was adopted in 1996. Considerable progress has been made in construction of new democratic institutions, such as the constitutional court, the truth and reconciliation commission, the human rights commission, the gender commission, the ombudsman system, and the Auditor General. This has established a formal framework to protect democracy. Decisive for development, among other things, will be how the Government opts to handle different democratic institutions, the resources and powers they are allocated and the extent to which they are able to take into consideration the interests of the population as a whole.

Measures to attack the uneven distribution and the injustices created during apartheid have had mixed success. Work on policy development in different areas has been impressive, while the results of transforming policies into practice have been more modest. It should, however, be borne in mind that few years have passed since the first general election and the necessary policy work in most sectors has now laid the foundation for concrete steps forward in satisfying people's basic needs. However, expectations were great after the transfer of power, and they were accentuated by the ambitious goals in RDP. To date, successes can be primarily noted in areas such as electrification, water and sanitation, and health care.

Unemployment is a gigantic problem. The moderate growth of the past years has not succeeded in generating new jobs. On the contrary, it is estimated that a further 100,000 jobs have disappeared over the past two years. In the short-term perspective, unemployment will probably continue to increase, among other reasons due to industrial restructuring and the cuts announced in the public sector.

The Government's labour market policy centres primarily on creating employment by economic growth, but also through various programmes and forms of support to strengthen small and medium-sized enterprises, and by investments in major infrastructure projects.

Over 20 per cent of South Africa's budget is allocated to the education sector. The attempt to redistribute resources has entailed that the poorest provinces have received an increased, although still insufficient, part of the budget. However, the educational system, handed down from apartheid, is still very unequal. The majority of pupils attend schools that are sub-standard as regards the physical environment, equipment, teaching material, and the quality of education. A compulsory primary basic school has been introduced, however, and many more children have access to the educational system than previously. The number of children enrolled has steadily increased during the past ten years.

The objective of constructing a million housing units before the 1999 election has proved to be unrealistic. The foremost instrument for the housing policy was the housing subsidy of up to 15,000 Rand, which is paid as a one-off payment when a new housing unit is built or acquired. The basic obstacle has been bureaucratic red tape and a lack of willingness in the construction market and on the part of banks to become involved in housing for the poor. A number of important institutions have been set up, however, and many of the initial difficulties are on their way to being resolved. Unwillingness and sometimes inability among poor people to pay for municipal service, bank loans, etc. is a big problem, but even here, the situation is being gradually normalised as service is improved and housing is built.

The macro-economic strategy, Growth, Employment and Redistribution (GEAR) was launched during 1996. Unlike RDP, GEAR contains the word redistribution in its title, but has a considerably less radical emphasis than RDP. The emphasis is instead on budget and monetary policy discipline, liberalisation and privatisation, export-led growth and increased employment. It includes a target of 6 per cent economic growth from 2000 and the creation of a million new employment opportunities to the year 2000. An increasing number of people question the ability to achieve these targets. Accordingly, the prospects for reducing unemployment and achieving improvements for the majority of the population are also restricted. It will then be all the more important that resources are used effectively.

The Government has pursued a stringent budget policy combined with redistribution for social development and to combat poverty and crime, *inter alia* at the expense of defence expenditure. Financing of the public sector takes place at central and provincial level by revenues from taxes, customs duties and other charges which are collected by the newly-established South African Revenue Service (SARS). Tax collection has increased considerably in the recent period.

After the democratically elected government took office, a comprehensive reform programme has been initiated for transformation of the public administration. This has led to a far reaching change of the composition of personnel, new, more efficient methods of control and work methods, and an extensive decentralisation of many functions, as well as development of new policies within all areas, often of high quality. A general problem is the lack of control and follow-up systems for government finances and the links between the implementation of reforms and the financial resources granted.

The organised civil society has changed greatly since the democratic break-through. From having constituted a considerable political driving force, at the same time as they supplied black citizens with public services that were lacking, they now find themselves in a phase of reorientation to new roles, which include combating poverty instead of the Government.

In conclusion, it is unlikely that foreign investments and economic growth will be sufficient during the coming five-year period for a dramatic improvement to take place in the form of increased employment and reduced poverty. A gradual improvement of social service will probably take place by new, improved policies in all areas, total reform of the public administration, and redistribution within the central government budget.

2. Conclusions from the results analysis

According to the Government's instructions to Sida to work out a country strategy, the results analysis is to be limited to the existing strategy period, i.e. the results achieved during 1997. Since the report for 1997 is still partly lacking and the bilateral co-operation was initiated on 1 July 1995, the results analysis has been produced for the period 1 July 1995 to 31 December 1997. i.e. the first 2½ years of bilateral co-operation.

During this period, the co-operation has been concentrated on education, democracy and human

rights, culture and media, public administration and urban development. Outside the country frame, support has been provided for the private sector development and non-governmental organisations through the 20/80 appropriation. The country frame co-operation during the period has been characterised by the work of changing and administering earlier development programmes in the education, culture and media and democracy and human rights sectors. At the same time, new development co-operation has been built up in the public administration and urban development sectors. Especially, the latter support has for various reasons had a slow start, but at the beginning of 1998, the two new sectors can be regarded as functioning as fully developed programmes. This is also reflected in disbursements, which during the 18 month budget year 1995/96 amounted to SEK 244 million (SEK 163 million on an annual basis) and in 1997 amounted to SEK 268 million. Outside the country frame, SEK 24 million was paid during 1997 to non-governmental organisations through the 20/80 appropriation and SEK 19 million to private sector development.

Disbursements through development co-operation with South Africa July 1995-December 1997
(SEK million)

SECTOR	1995/96 (18 months)	1997	Total
<i>Country frame</i>			
Human rights/democracy	79.1	67.2	146.3
Education	88.2	66.5	154.7
Culture	13.1	15.9	29
Media	3.9	2.9	6.8
Public Administration	19.4	50.9	70.3
Urban sector	30.6	49.5	80.1
Rapid Response Fund	0.7	6.2	6.9
Diverse	0	1.4	1.4
The Embassy in Pretoria	9.2	7.1	16.3
<i>Total country frame</i>	244.2	267.6	511.8
<i>Outside the country frame</i>			
Private sector	9.2	19	28.2
Swedish NGOs/Budget grants	27.8	24.3	52.1
<i>Total outside country frame</i>	37	43.3	80.3
TOTAL DISBURSEMENTS	281.2	310.9	592.1
DISBURSEMENTS COUNTRY FRAME	26% Govt. institutions 74% NGOs	45% Govt. institutions 55% NGOs	

Source: Semi-annual report, South Africa, April-Sept 1997, Financial country report

The portion of Swedish support that went to the public sector has increased rapidly since the first bilateral co-operation agreement was signed in February 1995. Support to civil society for its function of shaping public opinion and acting as a pressure group continues to be important for the development of democracy. Changes in the composition of the programme can, however, mean that an increased part of assistance goes to central and local government.

2.1 Education

Co-operation in the sphere of education has aimed at combining support for long-term reform work with a targeted support to improve various components of pedagogical work. The former has taken place in collaboration with the national Ministry of Education, and the latter as support to Northern Cape Province, and to adult education programmes through non-governmental channels.

Examination of the results shows that the Swedish support, through its combination of a long-term approach and targeted initiatives, has been relevant in relation to the goals for the Government's long-term work and its strategy for implementation. The agreed activities have been carried out, although with some delay. The adult education programme has reached around 30,000 people per year. Around 5,000 university students have received grants via Sida-supported grant funds for disadvantaged groups.

2.2 Democracy and human rights

Support to democracy and human rights has aimed at promoting broad, constructive political participation, strengthening access to the judicial system, contributing to the acknowledgement of crimes against human rights during apartheid, and increasing political participation by women. Efforts have been made to find a coherent structure for this work, one expression of which is a deeper and firmer co-operation between Sida and a small number of Swedish non-governmental organisations active in South Africa, such as Diakonia, the Africa groups, the Olof Palme International Centre, the Swedish section of the International Commission of Jurists and the Raoul Wallenberg Institute. The major part of the support within the sector is now channelled through these organisations. The support going directly to the Government is still rather limited (human rights training for the police, support to the Truth and Reconciliation Commission).

These projects have been largely carried out as planned. Evaluations carried out have also indicated a good result, for instance, with respect to popular participation in the constitutional process, training of women at local level, and providing citizens in neglected areas with elementary judicial service.

2.3 Public Administration

The overall goal for the support in the field of public administration has been to promote and contribute to a reshaping and reform of public administration with the aim of creating the prerequisites for good governance. The co-operation has i.a. consisted of long-term co-operation for development of the provincial administration in the Northern Cape, institutional co-operation between statistical agencies in Sweden and South Africa, Swedish participation in preparatory work on the new public administration, and in the recent period, local government development in Northern Cape and institutional co-operation between the tax agencies in the two countries.

To sum up, the Swedish projects for reform of the public administration at central, provincial and local level, have above all consisted of the transfer of Swedish know-how for interpretation and implementation of the policies and guidelines that have been adopted since the transfer of power to the new regime. The results shows that the Swedish support has been strategically targeted and that the Swedish experiences have been made good use of in the process of transforming the administration.

2.4 Urban development and housing

The main objectives for assistance in urban development and housing have been to combat poverty and to integrate the cities segregated by apartheid. Support has been targeted on three main areas, namely financial and institutional projects to improve the housing situation in poor areas, physical improvements of the infrastructure and environment in poor housing areas, and support for local development planning, environmental planning, legislation, etc. In addition to the support to three non-governmental organisations at national level, support is concentrated to two cities, Port Elizabeth and Kimberley.

The projects to achieve immediate improvements in housing areas with respect to tree planting, footpaths and lighting, etc. have developed very well. 7 km of pavements have been resurfaced, 66 tall masts for area lighting have been erected, and 800 trees planted in Port Elizabeth and Kimberley, all in close collaboration with the local population. These projects also have important side-effects such as creating employment and promoting local democracy. Support to local development planning is to a great extent an educational and institutional development project with a considerable participation from politicians and the general public. The combination of concrete projects and projects to promote institutional change has been seen to be valuable. The implementation of projects for housing supply has only recently got off the ground.

2.5 Culture

The objective of the support to culture has been to give unprivileged children and young people the possibility of experiencing and taking part in cultural and artistic activity. This support has included artistic education in art, dramatic art, and literature of both basic and a more advanced nature. The assistance to the media has primarily consisted of support to journalist training for disadvantaged groups and support to promotion of freedom of expression.

Through visiting activities and more conventional education, some 20,000 children and young people have received training in music, theatre, dance, art, etc. Exchange of competence and experience with Swedish institutions and organisations has reinforced the institutional competence of many of the South African organisations. Cultural exchange between the countries has expanded rapidly.

2.6 Private sector development

The overall objective for support to the private sector has been to contribute to the development of profitable small and medium-sized enterprises among disadvantaged groups. This support has mainly consisted of financial support for the development of competence, training and micro-credits. It has practically exclusively gone to NGOs/trusts and private business sector organisations, but since autumn 1997, co-operation is also taking place with the Government's leading body for small enterprise financing.

The support has contributed to the training of more than 10,000 small entrepreneurs within various programmes. Micro-credits have been granted to almost 20,000 small and micro-entrepreneurs, not infrequently women entrepreneurs with families to support. Many have thus been provided with an opportunity to support themselves or even to employ more people in the operation. A number of the Swedish-supported activities have also served as examples in the national dialogue on the development of small enterprises.

Support to Swedish non-governmental organisations is mainly concentrated on education, democracy and human rights and organisational development.

2.7 The donor environment in South Africa

Most bilateral and multilateral donor organisations are represented in South Africa since 1994. The Scandinavian countries, together with the Netherlands, the United Kingdom, and USA, are the most prominent. Among the multilateral donors, it is only the EU that can be said to have initiated more extensive co-operation. The largest areas of co-operation are education, democracy, health, environment, and the development of small enterprises.

It has taken longer than expected for all donors to establish forms for co-operation with South Africa. On democratisation in 1994, the public administration had in principle no experience of development assistance. After the 1994 election, restructuring of the public administration was embarked upon. The civil service was to be representative of the South African population, which led to a high staff turnover. Many experienced officials from the old period chose to leave which resulted in vacancies. At the same time, the new employees struggled to understand the system and become established in the new environment. There were very limited possibilities for devoting capacity for working with donors, formulating projects, controlling and following up consultancy studies and projects in this turbulent environment. Many donors therefore opted to provide continued support to NGOs which in this way continued to play an important role in the supply of services to society's most neglected groups. At the same time, donors slowly built up a co-operation with the public administration.

Many of the leading persons in the NGO world were recruited early on by the ANC and the new administration. They left large gaps after them that were filled by less experienced colleagues. Many NGOs were built up around a very strong leader and when this person disappeared, they encountered big problems. Within the NGO sector, there have also been problems with donors' increased demands concerning follow-up and financial reporting, which were made more stringent after the country's democratisation.

The donors that succeeded best are the countries that supported the freedom struggle for a long time, i.e. primarily the Scandinavian countries and the Netherlands. These countries have been selected by South Africa for co-operation in especially sensitive and strategic areas and are leading in such areas as of the public administration reform, support to provincial administrations, democracy, human rights, reforming of the Ministry of Justice, and the Truth and Reconciliation Commission (TRC).

From these countries heads of development co-operation were often appointed that enjoyed the confidence of the new leaders of South Africa. The result was that the programmes that were built up were to a high degree person-related. These persons have now in many cases been replaced and development co-operation is entering a phase of consolidation.

Most donors are in agreement that the time perspective for the need of development support to South Africa is more long-term than was originally assumed, but also that co-operation with the country should gradually shift to normal, commercial, cultural and other relations.

3. Future co-operation

3.1 South Africa's priorities

The South African Ministry of Finance underlined already before 1997 that they wanted to focus development co-operation with Sweden on what South Africans call "Democracy and Good Governance" and to build future, more long-term relations on exchange of experience, the transfer of technology and commercial investments. Moreover, support was requested for two cross-sectoral areas, namely gender equality and handicap issues.

The request for development assistance for democracy and public administration is based on South Africa wishing to obtain support for strategically important and politically sensitive areas from countries with which the ANC and other democratic forces have had a long-term, co-operation based on trust, in the first place the Nordic countries and the Netherlands.

Swedish experiences, solutions and models are in demand in the public administration. This, combined with a desire for transfer of technology and commercial investments, accords well with the Swedish interest in broader and deeper relations. The South African Ministry of Finance prefers, however, that co-operation is not split into altogether too many areas, but is focused on the present areas of co-operation, as well as on research and university co-operation and economic co-operation.

The task of working out proposals for a country strategy includes the sub-task of investigating the prerequisites for supporting the South African government's labour market policy measures through the transfer of expertise and knowledge. The EU has recently entered into an agreement with the South African Department of Labour for technical assistance to practically all areas of labour market policy, totalling 46 million ECU. Other donors are also involved in the area, including USA and Norway. The South African Ministry of Finance therefore considers that it is not appropriate with a long-term institutional co-operation in this field. However, short-term projects within specific areas

can be considered. It should also be possible to make use of Swedish knowledge and expertise within the framework of EU support.

3.2 General considerations

Until the beginning of the 1990s, the Swedish support to South Africa was characterised by support to the struggle against apartheid and went exclusively to the victims for and opponents of the apartheid regime. After the 1994 elections, the Swedish support has been transformed into a co-operation with the South African government focused on reforms and deepened democratisation. Continued Swedish support is motivated primarily by the extreme income gaps and special difficulties that have been inherited from the apartheid period. South Africa is,

however, a country with rich resources and good prospects within the foreseeable future of making itself independent of donor assistance. This perspective – linked to the close relations created by the long-term co-operation between Sweden and South Africa – opens the possibilities for development of new and long-term sustainable forms of co-operation. Continued support to the work of reform for democratisation can accordingly be combined with projects in favour of broader co-operation.

In financial terms, the assistance to South Africa can only play a marginal role in the country's development efforts. The total donor assistance is only equivalent to 1 per cent of the central government budget or 0.3 per cent of GDP. The main direction of Swedish development co-operation should in the light of this be characterised by the development of competence and capacity building and less by transfer of resources. The project portfolio should therefore consist of both "difficult" and "easy" projects. In the short-term perspective, strategically targeted financial transfers of resources can moreover be important, since the immediate scope for manoeuvre within South Africa's own budget is limited.

Development co-operation should support the processes of change within strategic areas, where it can contribute to phasing-out the distortions and injustices created by the apartheid system. This can be achieved by support to forces which can drive development forward, and by indicating alternative ways to tackle development problems, with a strong focus on improving the situation of the poor and by support to competence development and capacity building. This co-operation should be especially directed at areas within which Sweden has special prerequisites to contribute with competence rather than with money. This requires co-operation with both central and local government and the civil society.

Support to civil society complements rather than competes with support to the public sector. In a number of the areas where Sweden is active, the central and local government still do not have the capacity to carry out development activities themselves. In the long run, it should seem natural that co-operation with central government and official institutions form the backbone of Swedish development co-operation in South Africa – not least in the light of the South African priorities. Support to South Africa should, against this background, to a large extent be characterised by a will to reinforce the South African authorities' ability to gradually shoulder the responsibility for their own development.

The reform work during the initial years after the 1994 election has been focused on development of

policies in various areas and restructuring of the public administration to better meet the requirements in the new South Africa. The implementation of concrete development projects have to a great extent been left to organisations in the civil society. Examples of such areas relating to Swedish development co-operation are adult education, legal advice, housing construction, and small entrepreneurship. Within these areas, it would seem appropriate to continue for a further period the support both to reform and formation of policies through public bodies and to projects directly targeted at poverty through the civil society.

Many organisations that are active in the field of democracy and human rights, continue to have an important role in monitoring development and to be a driving force in the work of changing the situation with respect to democracy and human rights. The purpose of continued support is to contribute to the strengthening of the civil society and to provide opportunities for popular participation in the political process. It is, however, as important to balance this support with projects focused on government agencies and institutions, especially those parts of the public sector that have to maintain the law and order, such as the police and courts. It is especially important that the agencies that have a monopoly on the use of force in society – traditionally linked to the exercise of power of the old regime, are reformed at a relatively swift pace.

Swedish support has to date been linked to important measures in the development towards democracy such as the new constitution, the Truth and Reconciliation Commission, and the 1999 election. This election will be an important factor for the scope and direction of support to civil society. Parts of this co-operation have been concluded or will be concluded shortly and should be replaced by projects along the lines of the above reasoning.

The Government's instructions to Sida include the further development, broadening and deepening of Swedish-South African relations in a long-term sustainable way. An interpretation of the Government's instructions can then be that an expansion and broadening of relations is good *per se* and that certain of these deepened/new relations can be seen to be sustainable in the long-term, others not. The possibilities of laying the basis for a long-term sustainable mutual co-operation can be broken down as follows:

- economic co-operation
- deepened/expanded contacts in ongoing co-operation programmes
- other non-commercial contacts

The possible barriers that exist for long-term sustainable contacts would seem to be of different characters. The economic co-operation concerns actors with a mutual economic interest/profit interest. Here the challenge seems to be to get Swedish and South African actors to establish contact. By support to co-operation between branch organisations and chambers of commerce, surveying of industrial sectors, business sector delegations, etc. assistance can create meeting places and possibly lead to a good commercial understanding being created between companies in the two countries.

Within the ongoing co-operation programme, there is already an abundance of contacts and documented interest in co-operation. The main problem here would seem to be long-term financing. The initial donor financing can possibly lead to the South-African partner becoming so interested that

one can move from 100% donor financing to an increased degree of cost sharing and perhaps even in some cases full financing from the South African budget. This has been the concept in discussions on broader co-operation in Botswana and Namibia.

Even this form of cost sharing can be regarded as sustainable in the long term, even if the parties themselves do not contribute to financing. It should thus be an ambition, within the ongoing co-operation programmes, to seek for links between agencies, institutions and organisations in Sweden and South Africa.

It can be seen that there are possibilities for co-operation in sectors that today fall outside the concentration sectors, for instance, the environment, or relate to quite new areas, e.g. technology and science as specified by the Government. It is, however, important that concentration is maintained while great flexibility shall apply within the areas that are identified for broader co-operation. It is therefore suggested that the attempts to stimulate the other non-commercial co-operation are limited to research and university co-operation in accordance with South Africa's requests. At the same time, it may be justified to have funds for exchange and dialogue in other areas.

3.3 Goals and direction

Given the above background, South Africa appears in a development assistance context as a unique co-operation partner; the country has considerable resources of its own, but is still struggling with enormous development problems as a result of the structural distortions inherited from apartheid. In the light of the marginal importance of the flows of development assistance for state finances in the South African economy, the importance of correct, strategic assessments with respect to choice of projects and carrying these out will be all the more important. Projects of a model character with a high content of knowledge-related transfer will be especially interesting in this context.

South Africa also constitutes in political respects a unique partner. The long-term Swedish support and broad popular commitment for the struggle against apartheid provides special sounding board to all bilateral co-operation including development co-operation.

It is important against this background to lay the foundations today for non-assistance financed forms of co-operation in the long term in a number of areas.

Development co-operation with South Africa also occupies a special position in a regional perspective. A well-developed, stable South Africa has important positive repercussions on the whole southern Africa region – just as a negative development in South Africa would affect the whole region negatively. This gives development co-operation in South Africa an additional dimension that can make opportunities available for tripartite co-operation. Conflict management, water resource issues, HIV/AIDS, as well as finance and investment issues are potential areas, which it should be possible to deal with within the framework of regional initiatives.

The aim for development co-operation with South Africa is against this complex background multi-faceted. On the one hand, it is a matter of continuing to contribute to reinforcing democratic development, which is done mainly by direct support to measures to combat poverty, and a long-term support to reforms of the public administration and policy development. The former consists to

a higher degree of resource transfer than the latter, which mostly concerns the transfer of knowledge and expertise.

A common element in this work is an overall endeavour to promote equality between women and men. The importance placed by South Africa on the equality aspects of co-operation is of crucial importance in this context.

On the other hand and parallel with this, more concentrated development-focused objective – there appears another path with a bearing on long-term future co-operation for which mutuality and non-assistance financing make up the main criteria. This part, however, is still, to a large extent, unbroken ground and thus initially constitutes a pioneering work, both with respect to policy and concrete project decisions. As said, the aim is that development co-operation with South Africa shall gradually, as the South African government succeeds in tackling the inheritance of apartheid, be phased out in favour of other forms of co-operation of the latter kind.

It is difficult today, however, to set a final limit for our development co-operation. This does not prevent us, however, in our traditional development co-operation with South Africa from applying a relatively shorter time perspective than what is the case for other countries in the region.

To sum up, it can thus be concluded that the democratic transformation of society and the combating of poverty should continue to be the main objectives for development co-operation. The goal of promoting gender equality shall continue to permeate development co-operation. Furthermore, a strategic goal shall be established during the strategy period, namely to promote long-term, broader relations between Sweden and South Africa. (This can take place through further Swedish-South African links within ongoing development assistance programmes and by special projects in the areas of mutual co-operation and research and university co-operation.)

Education is a fundamental prerequisite for a positive development of the South-African society. Co-operation with the national ministry and with Northern Cape province should continue. New forms of collaboration should also be tested. The possibilities for links between Swedish and South African institutions should then be an important foundation.

During the strategy period, support to democracy and human rights and support for the reform of the public administration should be integrated in a programme for democratic governance. In this way, the areas which are supported in the public administration will be linked together with the corresponding areas in civil society.

The programme for urban development and housing combines institutional development with concrete projects and is according to a recent consultant's study very relevant. The sector's high priority in South Africa and its significance for combating poverty and for the environment, as well as the possibilities provided by development co-operation for promoting integration and democratisation motivate continued support.

Support to culture should be concentrated on exchange of experiences and collaboration between Swedish and South African organisations and institutions, while the more purely financial support to a relatively large number of South African organisations will be concluded at the beginning of the

coming strategy period. Support to the media should be phased out during 1998 in accordance with the current guidelines for development co-operation.

Parts of the private sector support will continue during the strategy period while other parts are to be replaced by a broader economic co-operation. New forms of co-operation between Swedish and South African companies and institutions entail the introduction of new instruments in development co-operation such as credits, guarantees and contract-financed technical co-operation. It is important that the long-term self-sustaining element in private sector co-operation is consistently kept to the fore and promoted.

During the coming strategy period, gradually increasing support is anticipated for processes that can increase contact areas and promote new relations between Sweden and South-Africa. This will take place both within the country frame and with other instruments and appropriations. Innovative solutions will then be needed in programming the total development co-operation with South Africa. Towards the end of the strategy period, it is conceivable that the country frame can be replaced by individual project agreements.

It is very important that Sweden, both locally and in other donor spheres, strives for as good co-ordination of development assistance as possible. In this context, Sweden should adopt an active position locally to try to improve co-ordination of the international development projects.

The distribution of funds between ongoing areas of co-operation is determined by development in each respective programme, and how attempts to broaden co-operation work out.

3.4 Areas of co-operation

3.4.1 Education

Support to education should during the coming strategy period be focused on capacity development and in developing dialogue and exchange of experience between Sweden and South Africa with respect to national reform work. South Africa's work of reform will during the coming five years be focused on general measures aimed at changing the entire system. Swedish support should be focused on a limited number of reform programmes.

In certain cases, the South African strategy contains targeted measures (affirmative action) to even out differences between former schools for whites, Indians, coloured and blacks, differences between men and women and to reach groups with special needs. Swedish development assistance can have an important role to play by support to such targeted projects.

The continued support should contain:

- Strategically focused projects aimed at promoting gender equality and at education of children with special needs.
- Support to the South-African government's programme for building a capacity for planning, control, management and internal democratisation of the education system.
- Forms for exchange and dialogue with Sweden on policy and strategic issues in carrying out national educational reforms (control, follow-up, evaluation, decentralisation, internal democratisation, etc.). This dialogue should be initiated already during the existing contract period.
- Support to the scholarship programme for disadvantaged groups.
- Capacity development and possibly grants to financing of the national programme for adult education.
- Continued projects in support of the educational development co-operation in the Northern Cape province.

This support shall as far as possible be co-ordinated with projects in adjacent areas, such as support to strengthen democracy and for reform of the public administration, cultural support, and possible future support to higher education and research.

3.4.2 Democratic governance

The Swedish support for democratic governance is to be targeted on areas that most effectively support the reform process, strengthen the democratic development and increase the respect for human rights.

The Swedish support should improve the possibilities for implementing the various proposals that aim to strengthen the efficiency of the public administration and democratic methods of work. This applies not least to the proposals presented by the South African Presidential Review Commission on the reform and transformation of the public service. Sweden should also continue to support development of the government's core activities. In addition, to an increasing extent, measures should be supported that increase co-operation between the various part of the public administration and between the public bodies and the civil society.

During the period support should be directed at the three levels of the public administration: the central, the provincial and the local government.

By support to local government - both civil society and public sector – knowledge of human rights should be improved and popular participation in the public decision-making process reinforced. Continued support to strengthen poor peoples' access to the judicial system is important. Projects focused on increasing gender equality should be given priority.

Support to non-governmental organisations should be assessed in relation to development of the public sector – especially at the local level – and in relation to a planned review of the criteria for which organisations are to be supported.

Conceivable areas for projects during the period are:

- Decentralisation and structural changes that are initiated by the Ministry for the Public Service and Administration.
- Local democracy including local government administration and non-governmental organisations.
- Support to development of public administration in Eastern Cape with emphasis on financial management and control and staff development.
- Organisations that work for increased respect for human rights and conflict prevention.
- Support to the judicial system by reforming the police and projects directed against youth criminality as well as the building up of a national system of para legals.
- Support to development of co-ordination instruments within the public administration and support to the improvement of the present situation for competence building among staff within the public administration.
- Continued support to the central statistics function and to the tax authority, together with new support to the Ministry of Finance's policy unit, and other key functions at the ministry.
- Continued support to administrative development in Northern Cape directed at being phased-out after 18 months. Continued support to municipal administration in the province.
- Support to projects against corruption.
- The support to democratic governance also includes a project for the disabled which involves creating mechanisms and building up a capacity for integration of issues relating to the disabled in all ministries' planning and programming.

3.4.3 Urban development and housing

The main objectives for development co-operation in urban development and housing is to combat poverty and to integrate the cities segregated by apartheid.

This support should as to date be focused on three main areas:

- financial and institutional projects to improve the housing situation in poor areas.
- physical improvement of the infrastructure and environment in poor housing areas

- support to local development planning, environmental planning, legislation, etc.

Operations should be focused on the municipalities. According to the constitution, these have a major responsibility for development, but the resources are insufficient. Assistance to improvement of the infrastructure and environment is important. Immediate improvements in the form of lighting, road surfacing, tree planting, meeting places, etc also enable more long-term projects despite people's great impatience to develop. The combination of concrete projects "on the ground" and projects to promote institutional change is therefore valuable and should continue during the main part of the strategy period.

The physical improvements also have other objectives. By using work intensive methods and local labour, employment is created in poor areas where the level of unemployment is high. These projects further contribute to democratisation at the local level. Planning takes place with a large and increasing popular participation, and the projects entail support for selected neighbourhood politicians and finally lead to local government officials being forced to work in direct contact with the poor areas' population in a new way.

It is generally proposed during the strategy period to continue the geographical concentration to the present provinces, Northern and Eastern Cape.

The support to housing directed at finding new paths for financing, planning, and implementation and thus contribute to removing the barriers for the Government's housing policy is strategic and should be continued.

A closer co-ordination with the support to the public administration is envisaged as well as with some parts of the support to the development of the business sector and economic co-operation.

Sida's experiences from housing projects and micro-financing in other countries are highly relevant and the already initiated South-South co-operation between South Africa and Central America should continue, at the same time as the exchanges of knowledge initiated with Sweden in physical planning and environmental work at the local government level should be developed – possibly in the form of a broader "twinning" between co-operating cities in South Africa and interested Swedish municipalities, a development that has already been started by Port Elizabeth and Gothenburg, as well as Kimberley and Falun/Borlänge.

3.4.4 Culture

Support to culture should be focused during the strategy period on exchange of information and collaboration between Swedish and South African institutions and organisations. Special emphasis shall be given to a broader, long-term co-operation on a mutual basis. This means that it should be possible to wind up a number of projects based on previous cultural co-operation in favour of this type of initiatives.

Support to the cultural sector should in the first place be channelled through the independent cultural life but in certain areas co-operation with the national ministry and/or provincial cultural departments should be possible. For certain cultural initiatives, co-ordination with the educational support should

be aimed at.

Support to capacity building shall be given priority. Special weight shall be placed on education in artistic subjects, in teacher training, curriculum development, and organisational/institutional further training. Support is to be given to the development of competence in the museum sector. Increased weight shall also be placed on culture in school.

3.4.5 Economic co-operation

Sida's role in economic co-operation will be to create flexible forms for co-operation between actors in Sweden and South Africa within the frameworks established by the goals governing Swedish development co-operation.

As actors are regarded organisations in the form of co-operation bodies or associations, institutions and entrepreneurs in the respective country. Presumptive interested parties are assumed to have an interest of their own to the extent that they are themselves willing to cover costs within a cost-sharing system.

The areas which can in the first place come into question for economic co-operation are:

- Business alliances
- StartSouth
- Trade-related activity (for instance, in the textile area)
- Tailor-made international courses
- Branch contacts and networks
- Pilot studies for commercial links
- Institutional co-operation between chambers of commerce, colleges, trade associations
- Co-operation regarding applied research (mining, mineral technology, materials technology)
- Special technical areas, for example, environment-related technology.

Within the framework of StartSouth, Sida already today stimulates the establishment of business alliances between small and medium-sized enterprises in Sweden and South Africa. In order to increase StartSouth's visibility and impact, the programme will be made more pro-active in order to increase the presence of Swedish small and medium-sized companies in South Africa.

Although a relatively developed network between Sweden and South Africa already exists, special initiatives and a proactive approach will be required in the coming period to market the instruments and the facilities that Sida can offer to stimulate the growth of a self-sustaining economic co-operation between interested parties in Sweden and South Africa.

3.4.6 Research and university co-operation

Research and university co-operation is an area that is very suitable for a broader co-operation. There is a clear interest among both Swedish and South African academics and students, and such contacts can contribute both valuable impulses and experiences for the ongoing transformation work in South Africa. It is proposed that this co-operation can be focused at two levels:

- if there is an interest at central level in South Africa in Swedish experiences of structural issues relating to strategies for research finance, the role of research in university development and the role of the universities for the development of research, co-operation with the Ministry of Education, the National Agency for Higher Education, and research councils in Sweden can be of interest.

- support to co-operation at university level, research co-operation and exchange of students is mainly supported through already established mechanisms. Possibly, Sida's research council can set up a special programme for co-operation projects, where the Swedish party applies together with a South African counterpart and where applications are subject to competitive assessment. Scientific reference groups in Sweden assess the scientific content, while the relevance is assessed by a referral procedure to a suitable body in South Africa.

3.5 Administrative considerations

Today seven Sida expatriate officials, financed from the operative budget, work at the Embassy in Pretoria with development assistance, namely a counsellor, a socio-cultural analyst, three programme officers, an administrator, and an assistant. In addition, a number of the Embassy's other expatriates work part of the time with development issues. At Sida in Stockholm 6½ posts are dedicated to administer the programme with South Africa.

The still ongoing reorganisation of the development co-operation has entailed extensive planning and preparation. It is expected that this will remain at an unchanged high level during the first years of the strategy period. There is also the work of broadening and deepening relations, which can make considerable demands on capacity.

Sida has already appointed a person at Headquarters as co-ordinator of the economic co-operation. Finally, a person has been financed from the operative budget to work at the Swedish Trade Council in Johannesburg on behalf of Sida to promote ideas and contacts within the framework of the economic co-operation.

The other parts of the wider co-operation can, given the suggested approach, be dealt with by the ordinary programme officers at the Embassy and the relevant sector departments at Sida in Stockholm without staff reinforcements. A project group has been set up at Sida to co-ordinate this work.

Staffing at the Embassy should be reviewed after two years of the strategy period, when the experiences of the attempts to broaden co-operation and the continued reorganisation of co-operation in other respects, may indicate that changes should be made in the number of expatriate staff, as well as in the staff's overall competence.

Annex 1: List of studies produced in connection with the strategy work

(Titles translated from the Swedish where marked *)

South African Foreign Policy - Activated but Unpredictable. The Royal Embassy of Sweden, Cape Town, Charlotta Wrangberg. *

Swedish and Foreign Investments in South Africa from 1994. The Royal Embassy of Sweden, Pretoria, Bengt G Carlsson. *

Review of South African Education 1994-1997, WITS Education Policy Unit, L Crisholm, S Vally, S Motala.

Regionalisation Discussions in South Africa (memo), Nordic Africa Institute, Bertil Odén.*

Water Resources in a South African Context. The Royal Embassy of Sweden, Harare, Jakob Granit. *

Institutions Supporting Democracy, Institute for Democracy in South Africa. (Idasa), M Taylor, S Jacobs.

Crime in Post-Apartheid South Africa: Extent, Impact and Responses, Institute for Security Studies (ISS), M Shaw, A Louw.

Political Trends, Centre for Policy Studies, S Friedman.

Growth, Redistribution and Job Creation. University of Cape Town, Dept. of Economics, N Natrass.

Environmental Profile of South Africa, Clacherty & Associates, Education Consultants.

Study on the Role of NGOs in Development Work in South Africa, Inger A. Heldal.

In Search of Citizenship: Local Democracy and Donor Intervention in South Africa.
Centre for Policy Studies, S Friedman, Uppsala University, Dept of Government, P Nordlund.

Documented Study of Corruption for Sida, Price Waterhouse.

Business Development Study - South Africa, ÅF Management Group, G Bruszt.

Audit of NGOs and for People with Disabilities, Community Agency for Social Enquiry. R Morgan, D Everatt.

The Status and the Threat of the HIV/AIDS Epidemic in South Africa. P Bergman, S Uddeholt.

Country Gender Profile: South Africa. University of Sussex, IDS-BRIDGE, S Baden, S Hassim, S Meintjes.

Transforming Apartheid's Legacy: The Evolving Strategy for the Reduction of Poverty in South Africa. University of Natal, Centre for Social and Development Studies, J May & University of Port Elizabeth, Dept of Economics. I Woolard.

Partnership Real Africa. Centre for Policy Studies, C Landsberg, C Kabemba.

Public Service Delivery to Citizens and Communities in South Africa: A Study of the Northern Cape. University of the Western Cape, School of Government.

Assessment of Affirmative Action Policies and Programmes in the South African Public Sector 1994-1997. School of Government, University of the Western Cape.

Annex 2: Development indicators for South Africa:

DEVELOPMENT INDICATORS	1995	1990
1. GDP/capita (USD, traditional calculation method)	3,160	2,530
GDP/capita (USD, according to the PPP-method, fixed prices)	5,030	n/a
2. Literacy (over 15 years of age)		
Women	81,2 % (1994)	n/a
Men	81,4 % (1994)	n/a
3. Infant mortality (per 1000 live births, during first year of life)	50	66
4. Poverty (living on less than 1 \$/day)	23,7 % (1993)	n/a
5. Debt servicing/export revenues	5 %	n/a
6. Development assistance/capita (USD)	7 (1994)	0
Development assistance/GNP	0,2 %	0,0 %

Sources: Item 1 from World Development Report 1997/1992
Item 2 from Human Development Report 1997/1993 (UNDP)
Items 3,4&6 from World Development Indicators 1997/1992 (World Bank)
Item 5 from the State of the World's Children 1998, UNICEF



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