

# **From Aid to Partnership**

**A Joint Review of Norwegian - South  
African Development Cooperation  
1995-2001**

Pundy Pillay and Elling N. Tjønneland

**R 2003: 1**



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## A Joint Review of Norwegian - South African Development Co-operation 1995-2001

Pundy Pillay  
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With Sindre Bangstad, Matthew Smith and Arne Tostensen

Commissioned by the Norwegian Agency for Development  
Co-operation (NORAD)/The Norwegian Embassy Pretoria and  
the South African National Treasury

**R 2003: 1**



**Chr. Michelsen Institute** *Development Studies and Human Rights*

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Price: NOK 90

ISSN 0805-505X

ISBN 82-8062-040-0

This report is also available at:

[www.cmi.no/public/public.htm](http://www.cmi.no/public/public.htm)

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### **Indexing terms**

Development co-operation

Southern Africa

South Africa

Norway

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## ***Abbreviations and Acronyms***

ACCORD	African Centre for the Constructive Resolution of Disputes
ANC	African National Congress
AU	African Union
AWEPA	European Parliamentarians for Southern Africa
BENEFIT	Benguela Environment Fisheries Interaction and Training Programme
BRAIN	Business Referral and Information Network
CBO	Community-based Organisation
CC	Competition Commission
CCTP	Core Councillors' Training Programme
CEF	Central Energy Fund
CEPD	Centre for Education Policy, Development, Evaluation & Management
CCR	Centre for Conflict Resolution
CGS	Council of Geosciences
CMI	Chr. Michelsen Institute
COSATU	Confederation of South African Trade Unions
CSIR	Council of Scientific and Industrial Research
DACST	Department of Arts, Culture, Science and Technology
DCP	Development Co-operation Programme
DCR	Development Co-operation Report II
DEAT	Department of Environmental Affairs and Tourism
DFA	Department of Foreign Affairs
DFID	UK Department for International Development
DME	Department of Minerals and Energy
DPLG	Department of Provincial and Local Government
DST	Department of Science and Technology
DTI	Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
EDRC	Energy and Development Research Centre
FAFO	Institute for Applied Social Science
GIS	Geographical Information System
GRID	Global Resource Information Database
HCP	Housing Co-operative Programme
HISP	Health Information Systems Programme
HSGF	Housing Sector Guarantee Fund
HURISA	Human Rights Institute of South Africa
IDASA	Institute for Democracy in South Africa

IDC	International Development Co-operation Directorate, National Treasury
IMR	Institute of Marine Research
ISS	Institute for Security Studies
KS	Norwegian Association of Local and Regional Authorities
LO	Norwegian Confederation of Trade Unions
LOGAM	Mpumalanga Local Government Association
MCM	Marine and Coastal Management
MLM	Mbombela Local Municipality
MMINO	South African-Norwegian Education and Music Programme
MMP	Matchmaking Programme
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NBBL	Norwegian Federation of Co-operative Housing Associations
NCA	Norwegian Church Aid
NDA	National Development Agency
NEPAD	New Partnership for Africa's Development
NER	National Electricity Regulator
NGO	Non-Governmental Organisation
NGU	Geological Survey of Norway
NMA	Norwegian Mapping Authority
NOK	Norwegian Krone
NORAD	Norwegian Agency for Development Co-operation
NPA	Norwegian Peoples' Aid
NPD	Norwegian Petroleum Directorate
NRF	National Research Foundation
NVE	Norwegian Water Resources and Electricity Directorate
NUPI	Norwegian Institute of International Affairs
OAU	Organisation of African Unity
OLSET	Open Learning Systems Education Trust
R	Rand
RCN	Research Council of Norway
RG	Regional Grant
RDP	Reconstruction and Development Programme
RERA	Regional Electricity Regulatory Association
RPTC	SADC Regional Peacekeeping Training Centre
SABC	South African Broadcasting Corporation
SAD-ELEC	Southern African Development Through Electricity
SADC	Southern African Development Community
SADSEM	Southern African Defence and Security Management Network
SAIH	Norwegian Students and Academics International Assistance Fund
SALGA	South African Local Government Association
SANTED	South African-Norwegian Tertiary Education Programmes
SARPCCO	Southern African Regional Police Chiefs Co-ordination Organisation
SBDC	Small Business Development Corporation
SIU	Centre for International University Co-operation, Norwegian Council of Higher Education
SMME	Small, Medium and Micro-enterprises
TfP	Training for Peace in Southern Africa
TRC	Truth and Reconciliation Commission
UCT	University of Cape Town
UDW	University of Durban-Westville
UN	United Nations
UNEP	United Nations Environmental Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USD	United States Dollar
UWC	University of the Western Cape
WTO	World Trade Organisation
ZAR	South African Rand

## Executive Summary

### Norwegian Development Assistance: Disbursements and Channels of Support

*With the 1994 Memorandum of Understanding and the 1999 Declaration of Intent Norway committed itself to provide NOK 100 million per year in the first five-year period (1994-99) and NOK 80 million per year in the second period. Additional allocations from various special and global schemes were also envisaged. However, actual allocations from the country as well as the special schemes have been higher. Total disbursement in the first seven years adds up to about NOK 950 million.*

*More than one-third of the total amount disbursed so far (34 percent) has gone to the Democracy, Governance and Human Rights sector. The second and third largest sectors to benefit have been Human Resource Development and Research (19 percent) and Economic Growth and Private Sector Development (11 percent). These three sectors thus received almost two-thirds of all*

*disbursements. Six other sectors (Peace and Security, Local Government, Housing, Energy, Environment and Fisheries, and Culture and Sports) shared about a quarter of total disbursements while one-tenth went to a range of miscellaneous projects and activities.*

*There are a variety of channels of Norwegian support. However, four broad categories can be identified. First, a relatively high proportion of aid in this period (37 percent) was channelled through Norwegian NGOs directed to a variety of South African NGOs and community-based organisations. Second, about 41 percent of aid has been channelled directly from NORAD's head office and the Foreign Ministry in Oslo or through the Norwegian embassy in Pretoria. Of the amount channelled through this route, about 60 percent (or 25 percent of total aid) has gone to state and public institutions and the rest (just under 17 percent of total aid) has gone to private institutions (mainly NGOs). Third, nearly 7 percent of aid has been channelled through*

Norwegian universities and research institutions. Finally, almost 15 percent of funds (“other channels and unclassified”) has been channelled through UN organisations as multi-bilateral assistance (mainly through UNICEF and UNEP) or through international NGOs (mainly AWEPA) and some modest contributions to Norwegian private companies to stimulate their interest in South Africa.

## **Achievements and Lessons Learnt**

*The review team’s main findings relate to the relevance and effectiveness of Norwegian development assistance and are structured around the three key objectives outlined in the 1999 Declaration of Intent, namely, assistance to South Africa’s transformation and poverty reduction policies; the regional dimension in the aid programme; and co-operation between Norwegian and South African institutions and organisations. The role of Norwegian aid is assessed also in relation to three major crosscutting themes corresponding to the key challenges facing South Africa: policy frameworks and the creation of an enabling environment; poverty reduction and job creation; and implementation and capacity development.*

*The team’s overall assessments and conclusions have both positive and negative elements. In some areas the Norwegian contribution has been highly relevant and effective, in other areas it has been uneven and in some cases it has been a failure. Generally, however, it has been well aligned with South African priorities.*

*The team found that the greatest impact has been in some of the efforts to assist in developing new policies, planning institutional reform and the creation of an enabling environment. The outstanding achievements have been in the support to the evolving policy and legislative*

*framework for fisheries, and in energy policy. The record is much more uneven in implementation and capacity building, but relevant and effective examples of Norwegian aid can be found, for example in support to the local government sector. The achievements have been fewer in direct Norwegian support for poverty reduction and job creation.*

*Regional components are included in most government-to-government programmes. The Norwegian focus on regional issues is welcomed and strongly supported by all government departments involved. This also reflects the political will and commitment of South Africa’s government to support regional development efforts and the SADC project. However, the regional programmes are generally small projects added on to the bigger South Africa-focused programmes although many are found to have potential for expansion. Outside the government-to-government programmes the regional activities are, with a couple of important exceptions, limited to general networking.*

*Achievements in building and strengthening regional co-operation also depend on securing support and ownership from other countries in the region. South Africa plays a crucial role in shaping the development of the region and this must be exploited wherever and whenever appropriate. The review team supports the Norwegian-funded regional projects, but argues that more effort must be placed on pursuing regional objectives and projects also in the other countries in the region.*

*In most areas, co-operation has also been entered into between South African and Norwegian institutions. They have in nearly all cases been judged to be of mutual benefit although a few have been less successful in contributing to overall project objectives. Interaction between institutions in the two countries is also increasingly taking place outside the*

*framework of development aid. However, the review team also found that although many of the institutions are strongly committed to continued co-operation, almost all such co-operations depends on some external funding to maintain it. In the Norwegian case this will in most cases imply the use of development funds with limited funding available from other sources. On the South African side there are some funds available for co-operation, but they are limited and not sufficient to cover all costs.*

*The review team also notes that the development programme has suffered from insufficient co-ordination. In the early part of the period (1995-98) the aid programme also suffered from a lack of focus. This has improved in the latter part with the approval of a number of government-to-government programmes. However, the programme still suffers from insufficient co-ordination between the different channels employed to disburse Norwegian aid, and between the different sections and departments allocating funds to South Africa within both NORAD and the Foreign Ministry.*

*The efforts to give a “regional dimension” to the various programmes also suffer from an insufficient Norwegian strategy for regional assistance. Certain changes are required to in the current guidelines to increase the effectiveness and relevance of Norwegian regional assistance, and the support for South Africa-led regional projects. This is becoming increasingly important as the focus for SADC and the regional project is shifting from project management and implementation to policy harmonisation, economic integration, conflict management and governance issues.*

## **Recommendations**

*The team makes 18 sets of recommendations relating generally to the*

*nature of future development assistance and specifically to a number of sectors. They are clustered below in 11 categories. Category A summarises recommendations relating to guidelines for future co-operation. Categories B to J presents the specific recommendations relating to the current sectors and components in the development co-operation between the two countries. The final category K focuses on recommendations relating to management.*

### **A: Guidelines for future co-operation**

*The review based its recommendations on future co-operation on extensive interviews and workshops with stakeholders both in Norway and South Africa, and on assessments of achievements and lessons learnt over the past seven years. Norwegian foreign policy positions emphasise the need to maintain strong bilateral relations with South Africa and to support regional development efforts. This is also the position on the South African side. The National Treasury also strongly argues for the current level of development assistance to be maintained.*

### **Recommendation 1: Development Assistance beyond 2004**

*On the basis of these factors and the weight of opinion expressed, the review team finds that a continuation of Norwegian development co-operation with South Africa beyond 2004 is justified. However, significant changes in scope and focus are recommended. The team proposes that the regional dimension be scaled up with support to regional development efforts being the key priority in co-operation. A separate budget line for regional co-operation, a regional grant (RG), should be established to provide financial resources for a more systematic Norwegian effort to support regional development in Southern Africa.*

*The team also proposes that some aid to support development efforts inside South Africa be continued but at a lower level and with some changes. This support for domestic development in South Africa should be facilitated and funded through a new development co-operation programme (DCP) between South Africa and Norway.*

### **Recommendation 2: Supporting Regional Development**

*The team proposes a number of guidelines for support to regional development and how South Africa's role can be facilitated.*

- 1) Regional support projects must not be confined to supporting South African activities; regional ownership must be facilitated and ensured and cognisance taken of the sensitivities to the dominant position of South Africa.*
- 2) Strong emphasis must be put on capacity building and institutional development in all regional support programmes.*
- 3) Regional support programmes must be aligned with policies and guidelines developed by regional organisations and assist in the further development of such policies.*
- 4) Support to security, stability and good governance must be a priority area in Norwegian support to regional development, especially in relation to SADC and the African Union/Nepad.*
- 5) The Norwegian resource base should be used in regional support programmes where appropriate.*

### **B: Conflict management and governance**

*The review team proposes three sets of recommendations or guidelines for Norwegian assistance in this area.*

### **Recommendation 3: Conflict Management, Democracy and Human Rights**

*Assistance to regional organisations in developing policies, operational guidelines and effective institutions to improve capacities for conflict management, support democratisation and promote respect for human rights is a key priority. Consideration should be given to commissioning studies to assist in the identification of projects and strategic interventions.*

### **Recommendation 4: Training for Peace in Southern Africa**

*The Training for Peace in Southern Africa project (TfP) is a major regional programme and has been considered by Norway to be one of its flagship projects in support to regional development.*

*The review team found that this programme has been less successful in achieving its stated objectives and suffers from several weaknesses. In view of these findings and the guidelines for regional support outlined above, the team recommends several steps in order to improve the relevance and effectiveness of this programme. This is particularly important in view of the recent decision to extend the programme with a major increase in the budget. Six recommendations are made.*

- 1) TfP must secure the participation of organisations outside South Africa and establish working relationships with appropriate regional organisations and national authorities.*
- 2) TfP should focus its training activities on delivering lectures and modules at existing national and regional training programmes. The training of police officers should be*

*shifted to target those already selected for deployment.*

- 3) *Before it embarks upon the establishment of a database, TjP must carefully assess how to ensure its relevance.*
- 4) *TjP must co-ordinate activities with other similar programmes. In particular, consideration must be given to possible co-operation with SADSEM, or alternatively a division of labour. This includes an assessment of the possibility of inviting SADSEM to become a partner in TjP.*
- 5) *TjP must establish a regionally based steering committee or project management group. If it fails to achieve this, an alternative option is to dissolve TjP and instead develop separate business plans between the Embassy and each of the implementing organisations.*
- 6) *TjP should carry out an early mid-term review at the end of the first year of phase two to assess achievements and recommend possible changes.*

### **Recommendation 5: Support to ‘Chapter 9’ Institutions**

*The Embassy should explore the possibility of establishing a programme focusing on support to public watchdog committees and other commissions established to protect the new democracy and commission a study to identify possible areas and channels of support. These institutions have a crucial role to play in the consolidation of the South African democracy. They are also potentially important in a regional context and in future regional support programmes.*

*Activities could be funded from the current human rights programme while activities beyond 2004 could be funded from the regional grant and/or the new development*

*co-operation grant depending upon the projects supported.*

### **C: Economic growth and private sector development**

*The review makes two sets of recommendations based on the assessment and lessons learnt from the development co-operation in this sector.*

#### **Recommendation 6: The Competition Commission**

*The South African Competition Commission has an important role to play in helping to develop similar institutions in the region. Competition authorities are important institutions in the implementation of the SADC trade protocol. Continued Norwegian support to the Competition Commission may be allocated from a regional grant and linked to a Norwegian support programme for assistance to improving competition policy in Southern Africa.*

#### **Recommendation 7: Commercial Cooperation and Investment**

*The review team finds that the current programmes for stimulating private sector co-operation and skills transfer have not been very effective and suggests certain shifts in focus.*

- 1) *The support programme for commercial co-operation between the two countries should shift towards a stronger focus on trade and investment opportunities for bigger companies and less on small- and medium-sized Norwegian companies. This should largely be funded outside the aid budget.*
- 2) *The Norwegian Government Petroleum Fund is encouraged to consider the possibility of investing in South Africa.*

- 3) *Norfund is encouraged to continue to invest and expand its operations in South Africa.*

## **D: Energy**

*The review team found that the Norwegian assistance has played an important role in supporting the evolving policy and legislative framework for petroleum and electricity.*

### **Recommendation 8: Energy**

- 1) *The support to the Department of Minerals and Energy should continue after 2004 with funding from the new development co-operation agreement. The scope and focus should be decided at the end of the current project phases. This may also include broadening the assistance to new areas.*
- 2) *Support to the National Electricity Regulator should come from a regional grant and be linked to a Norwegian strategy for regional support in this sector. Such a regional programme should also include other aspects of the energy sector, including petroleum.*
- 3) *Norway should carry out a comprehensive study of the energy sector, including petroleum, and identify current and future areas and programmes for regional support.*

## **E: Higher education and research**

*The review found that there is a particularly extensive co-operation between the two countries in this area.*

### **Recommendation 9: Higher Education and Research**

- 1) *Norway should provide funding for a continuation of the joint research programme through the new*

*development co-operation programme.*

- 2) *Norway should, if required, expand its current financial support to the Department of Education and its targeted interventions to facilitate institutional restructuring in the higher education sector. Continued funding can be allocated from the new development co-operation programme.*
- 3) *A study should be undertaken to assist in the formulation of a Norwegian support programme for tertiary education in the SADC countries, including the role of South Africa in such a programme.*
- 4) *The current efforts to encourage Norwegians to study in South Africa should continue.*

## **F: Fisheries, water supply and the environment**

*The review team provides four sets of recommendations related to the major co-operation in the environmental sector.*

### **Recommendation 10: Fisheries**

- 1) *Support for the fisheries sector from the new development co-operation programme should focus on implementation related to subsistence fisheries and poor fishing communities.*
- 2) *Support for joint activities related to the Benguela Current should be funded from the regional grant.*
- 3) *Expanded regional assistance to the fisheries sector must be guided by a regional strategy aligned with the SADC protocol on fisheries.*

### **Recommendation 11: Rural Water Supply**

- 1) *The project in the groundwater programme on identifying best practices from rural water supply schemes in Southern Africa should*



*be implemented in the current project phase.*

- 2) *Norway should consider developing a strategy and guidelines for regional support to rural water supply schemes.*

### **Recommendation 12: Environment**

- 1) *The planned joint review of the environmental programme should provide recommendations relating to funding beyond 2004.*
- 2) *The support for the establishment of a regional centre for environmental information should continue with funding from the regional grant.*
- 3) *Support to development of South Africa's competence and capacity to manage pollution and waste may continue with funding from the new development co-operation programme.*
- 4) *Some funding from the regional grant may be provided for co-operation in the meteorological field.*

### **Recommendation 13: Cooperation in the South Atlantic and Antarctic**

*Funding for co-operation between the two countries in the South Atlantic and the Antarctic should in the main be provided for outside the aid framework.*

### **G: Local Government**

*Norway is supporting a fairly large local government programme focusing on the Department, the Demarcation Board, the South African Local Government Association and the Mpumalanga province and also involving Norwegian institutions.*

### **Recommendation 14: Local Government**

- 1) *Some support for local government should continue with funding from the new development co-operation*

*programme. Focus and scope depend on achievements and lessons learnt from the second phase of the programme.*

- 2) *Future support must focus on capacity building and be restricted to one or two areas/projects.*
- 3) *Specific regional programmes should not be funded at this stage although South African skills and resources should be utilised in individual countries where appropriate.*

### **H: Housing**

*The housing programme largely revolves around developing and promoting the co-operative housing model in South Africa, especially linked to inner-city developments. It is implemented by a South African NGO (Cope Housing Association) in co-operation with a Norwegian NGO (NBBL).*

### **Recommendation 15: Housing**

- 1) *Support for the housing sector should not continue beyond 2004. Nor should priority be given to developing a regional strategy at this stage based on the co-operative model.*
- 2) *If required, some additional funds should be made available from the new development co-operation programme to ensure that Cope becomes financially sustainable.*
- 3) *Support for co-operation between Cope and NBBL should be provided through the Norwegian Fredskorpset.*

### **I: Culture**

*There is a fairly strong interest in cultural co-operation between the two countries. This is also manifested in a very large number of small aid-funded projects. A government-to-programme has also been*

*established with a focus on education and music.*

### **Recommendation 16: Culture**

*Norway should offer continued support to the National Arts Council under the new development co-operation programme with a focus on cultural co-operation. This may include a continuation of the education and music programme, but may also include other dimensions such as literature. Any support to cultural co-operation should be co-ordinated with the regional support programme for culture.*

### **J: Civil Society**

*The Norwegian financial support to civil society was found to be substantial. There is little or no information available about the impact of this assistance and very limited co-ordination between Norwegian funding to civil society and government-to-government programmes.*

### **Recommendation 17: Civil Society**

- 1) The Embassy should commission a study evaluating the relevance and effectiveness of the Norwegian support to civil society.*
- 2) The Embassy should explore the possibility of assisting the South Africa's National Development Agency in becoming more effective in disbursing grants.*
- 3) Some transitional funds for assistance to civil society should be made available through the new development co-operation agreement. Guidelines for this should be developed.*
- 4) Funding for civil society from the regional grant should only be made available to prioritised areas.*
- 5) The Norwegian Fredskorpset should be used to promote co-operation between civil society organisations in Norway and South*

*Africa, and between civil society organisations in the SADC region.*

- 6) Future assistance to HIV/AIDS projects through NGOs should be co-ordinated with the main regional project supported by NORAD, and data from the HISP project should be used in planning and monitoring assistance in this area.*

### **K: Management**

*The review team found that the management of the co-operation is running smoothly. A main challenge has been to achieve a greater co-ordination between the different channels used to disburse Norwegian aid. The review team calls for changes in the management of regional support programmes to improve the relevance and effectiveness of Norwegian assistance.*

### **Recommendation 18: Managing Future Bilateral Cooperation and Regional Support**

- 1) Norway must adopt a regional strategy enabling the implementation of a policy for support to regional development and the allocation from a special regional budget line.*
- 2) Norway is encouraged to deploy a counsellor and regional programme advisors to manage relations with SADC and the regional support programmes.*
- 3) Regional issues and the use of the regional budget line should be discussed at annual consultations between Norway and its partner countries in Southern Africa.*
- 4) The South African embassy in Oslo should be given a stronger role in the consultations and co-operation between the two countries.*

## **1: Introduction**

This review of Norwegian-South Africa development cooperation was commissioned jointly by NORAD/Norwegian Embassy (Pretoria) and the South African National Treasury. The Chr. Michelsen Institute (CMI) in Norway was commissioned to undertake the review. The team comprised Elling N. Tjønneland (CMI, Team Leader), Pundy Pillay (Research Triangle Institute, RTI), Arne Tostensen (CMI), Sindre Bangstad (CMI), and Matthew Smith (Strategy & Tactics). Elling N. Tjønneland and Pundy Pillay wrote the report with contributions from Arne Tostensen (energy and environment), Sindre Bangstad (statistical tables and research assistance) and Matthew Smith (civil society).

According to the terms of reference the objective of this Country Review “is to provide the Norwegian embassy and the National Treasury with a set of independent, flexible and forward-looking recommendations for future support, that will take account of South Africa’s evolving political, economic, social and environmental framework.” The country review had to be undertaken within the overall objectives of the Norwegian-South Africa development cooperation programme, which are:

- Supporting South Africa in the transformation process;
- Enhancing regional cooperation in various sectors; and
- Cooperating in areas where the collaborations could result in long term relationships between the institutions of the two countries.

The team began by reviewing relevant project documentation provided by NORAD, the Norwegian Embassy and the National Treasury. This was followed by a series of meetings with stakeholders in Norway. In addition, a workshop was held in Oslo with the major non-governmental organisations involved in the development cooperation programme. In South Africa a similar process was followed. A number of meetings were held in Pretoria, Johannesburg, Cape Town and Durban with government departments and non-governmental recipients of Norwegian assistance. Two workshops, one in Johannesburg and one in Cape Town, were convened with a range of NGOs. A debriefing session was held in Pretoria with the Norwegian embassy and government departments and agencies.

The draft report was submitted to Norad, the Norwegian embassy and the National Treasury on 11 October. This final report has benefited from written comments from the National Treasury and the Norwegian embassy in Pretoria as well as from the discussion in connection with the submission of the draft report.

A list of all the individuals and institutions met is provided in Annex 4. The views of all of these stakeholders were crucial in helping the team to formulate its recommendations. The team gratefully acknowledges the efforts made by all of these participants.

The team wishes to acknowledge also the support provided by NORAD's Department for Southern Africa in Oslo, by the Norwegian Embassy in Pretoria, particularly Steinar Hagen, by Shaheed Rajie and Sharmala Naidoo of the International Development Cooperation Chief Directorate in the National Treasury, and by Viloshnee Reddy at the RTI office in Pretoria. The team is also grateful to Richard Moorsom, our language editor.

Chapter 2 of this report provides an overview of the objectives, policies and activities of the Norwegian-South Africa Programme including an overview of the framework for cooperation and an analysis of Norwegian development assistance during the period under review.

Chapter 3, the "backward-looking" chapter, examines the successes and failures of the programme and derives some lessons learned from the cooperation of the last seven years. The assessment in this chapter is conducted in terms of the overall objectives of cooperation as described earlier. Specific issues analysed here include the extent to which the cooperation programme succeeded in meeting South Africa's development challenges, the regional dimensions of cooperation, the extent of Norwegian-South African institutional cooperation and the management of development cooperation.

Finally, Chapter 4, the "forward-looking" chapter concludes with eighteen sets of recommendations. These recommendations fall into two categories: general recommendations, for instance, relating to development assistance beyond 2004 and regional development; and specific recommendations relating to projects (for example, Training for Peace in Southern Africa) and sectors (for example, Energy, Fisheries, Higher Education, Civil Society, etc.).

Annex 1 provides a more detailed presentation of the Norwegian development assistance to South Africa in the 1995-2001 period. A list of South African NGOs currently receiving Norwegian assistance appears in annex 2. Annex 3 takes a closer look at the state of civil society in South Africa and the challenges facing foreign donors.

The team has attempted to address all issues in the Terms of Reference and in the written response to the draft report. Needless to say, the flaws and omissions are entirely ours. The team also has the responsibility for the views and recommendations expressed in this report.

Bergen and Pretoria, 11 December 2002

## **2: Objectives, policies and activities**

This chapter provides an overview of the framework for co-operation, focusing on agreements signed and South Africa's policy and management of development assistance. This introductory part is followed by a more detailed section on the aid programme, analysing volume, channels, activities, and main trends. The third section examines commercial and private sector co-operation before the final part reviews political co-operation between the two countries.

### **2.1 Framework for co-operation**

A major proportion of Norwegian development assistance has been channelled, since the mid-1970s, to Southern African countries. Significant financial and political support was also provided to the anti-apartheid struggle. Political ties between Norway and South Africa had already been forged at several levels and in many areas at the time of the first democratic elections in April 1994. Norway quickly announced its intention, therefore, to provide assistance to the new democracy. In December 1994, during a visit to Norway by the Minister responsible for the Reconstruction and Development Programme (RDP) in the President's Office, Mr Jay Naidoo, a Memorandum of Understanding (MoU) was signed. The MoU committed Norway to establishing a South African transitional assistance fund totalling NOK 100 million per year for the five-year period from January 1995 through December 1999. Additional funds would be available from various global and special schemes.<sup>1</sup>

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<sup>1</sup> See the *Memorandum of Understanding between the Government of the Kingdom of Norway and the Government of the Republic of South Africa on Development Co-operation*, done at Oslo on 1 December 1994

It was agreed that the RDP would guide the planning of the assistance. In assisting the new democracy and in supporting democracy-building efforts priority would be given to programmes and projects related to local administration and infrastructure, capacity development and development of human resources. Other identified priority areas included generation and management of energy resources as well as marine research. Furthermore, the MoU specified that regional co-operation in some of these areas could be considered, where appropriate. The Norwegian contribution to the implementation of the RDP could be channelled as government-to-government assistance, through non-governmental organisations and through the private sector.

This MoU provided the framework for the detailed planning and allocation of development assistance discussed below. The first MoU was followed by two other MoUs signed in February 1996, one on political consultation and one relating to co-operation in the protection of the environment.

In March 1999, during President Mandela's official visit to Norway, a *Declaration of Intent between the Government of the Republic of South Africa and the Kingdom of Norway* was signed. The parties committed themselves to celebrate the bonds between the two countries by declaring their mutual intention to enhance co-operation in existing bilateral consultations and to extend the co-operation on development. Two agreements were annexed to this declaration. The first was *Development Co-operation between the Kingdom of Norway and the Republic of South Africa for the period 2000-2004*. Through this document Norway committed itself to provide NOK 400 million over the five-year period from January 2000 through December 2004. Additional resources might be made available through the appropriate separate allocations.

The overall objective of development co-operation in this second phase was specified to be the securing of peace and security in South Africa and in the region by assisting South Africa in its efforts toward transformation and poverty alleviation. In addition, the document emphasised that the regional, or SADC, perspective in bilateral co-operation with South Africa should be strengthened. Furthermore, the document suggested that areas of common interest, where experts from the two countries could be teamed up, should be prioritised to ensure that collaboration is based on true and lasting interests on both sides.

The document specified that development co-operation should be focused on the following sectors: peace, democracy and human rights (including local government); environment; economic development (including commercial co-operation, energy and small business development); social development (including higher education and research); and culture. In most of these sectors regional co-operation is prioritised or encouraged. Moreover, co-operation between Norwegian and South African institutions and NGOs should be developed.

The second annexed document on *Bilateral Consultations between the Republic of South Africa and the Kingdom of Norway* committed the two countries to implement certain efforts to further strengthen the MoU signed in 1996 on bilateral political consultations. Formalised structures for the consultations would be avoided. The nucleus of co-operation should remain

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by the Norwegian Minister of Development Co-operation, Mrs Kari Nordheim-Larsen and the South African Minister without Portfolio at the President's Office, Mr Jay Naidoo. A MoU had also been signed in October 1994 during NORAD's first official visit to the country. This MoU covered the energy sector and provided some financial support for electrification of rural schools and support to policy development and capacity training.

annual meetings, at least one at Ministerial level and one at senior officials' level. The objective would be to give direction and impetus in selected areas with regard to international as well as regional and bilateral issues. There would also be *ad hoc* meetings between South African and Norwegian delegations at important international conferences and meetings.

### ***2.1.1 South African policies and management of development assistance***

The Reconstruction and Development Programme (RDP) provided the overarching framework for the new government's strategy for alleviating poverty, reducing inequality and promoting growth and development. The RDP was and is still seen as a policy framework for integrated and coherent socio-economic progress.

In 1994 a Ministry was created in the Presidency to oversee the RDP. This Ministry, under the Minister without Portfolio, Mr. Jay Naidoo, was responsible also for the co-ordination of all overseas development assistance. All donor funds were paid into the RDP fund. RDP projects in various sectors (housing, urban development, etc.) were then funded through the RDP fund.

By 1996 it became evident to the government that the creation of a fund separate from the national budget was leading to serious co-ordination problems between national departments and the RDP office. In many instances, the RDP office was funding projects which should have been completely under the ambit of national departments. A decision was then made to close down the RDP office and to move the co-ordination of ODA to the National Treasury (then the Department of Finance).

The transfer of the ODA responsibility to the Treasury has had positive consequences. It has enabled donor funds to be used in the total government budget as a component of the budgeting process and specifically, the three-year rolling financial plan, the Medium Term Expenditure Framework (MTEF). This has meant that although donor funds are small in both absolute and relative terms (around 1% of the budget and less than 0.3% of GDP), they could be used much more strategically in various projects of the national departments and the provinces. The transfer of ODA responsibility has certainly improved the co-ordination between the centre (Treasury) and the spending agencies although other problems remain with regard to the management of ODA (see Chapter 3).

A major evaluation of development assistance to South Africa, *Development Co-operation Report II*, was released in 2000.<sup>2</sup> This report recommended several changes in South Africa's management of the aid inflow. These recommendations are reflected in a May 2002 draft policy framework and procedural guidelines for the management of official development assistance prepared by the Treasury for submission to Cabinet.

The South African government has recognised also that policy implementation was a task that could not be undertaken only through the public sector. It was accepted that civil society would have to play a vital role in this regard. To this end it has attempted to ensure that civil society is provided with the necessary resources to carry out its responsibilities. It has

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<sup>2</sup> A *Synthesis Report Development Cooperation Report II for South Africa 1994-1999* was published in November 2000 (Birmingham: International Organisation Development Ltd). This 400-page synthesis report includes an executive summary of each of the component studies. The full report, including dataset and component studies, is available on a CD-Rom. DCR II was organised and led by the IDC in the then Department of Finance (now National Treasury) with the financial support of a number of foreign donors.

attempted to do this in two ways. First, it has given donors a free hand to fund the NGOs and projects of their choice. Second, it has created (and provided substantial funding for) an independent entity, the National Development Agency, to co-ordinate funding to the NGO sector. Thirdly, it has changed tax legislation to assist public benefit organisations. (See more on this in annex 3.)

## 2.2 Overview of Norwegian development assistance

By means of the 1994 MoU and the 1999 Declaration of Intent Norway committed itself to provide NOK 100 million per year in the first five-year period and NOK 80 million per year in the second period. Additional allocations from various special and global schemes were also envisaged. Allocations above both the country and special schemes have been significant. The total disbursement in the first seven years adds up to about NOK 945 million. Table 2.1 provides the total disbursement figures to each of the 10 sectors currently receiving Norwegian assistance. Annex 1 provides a breakdown of the main disbursements in each of these sectors together with a descriptive presentation of programmes and project objectives and a list of activities supported.

**Table 2.1**  
**Norwegian Development Assistance to South Africa (1995–2001)**  
**(NOK 1000 and Percent)**

<i>Sector</i>	<i>Amount</i>	<i>Percent</i>
Democracy, governance and human rights	322 272	34.1
Human resource development and research	177 177	18.8
Economic growth and private sector development	106 337	11.3
Local government	58 201	6.2
Environment and fisheries	53 036	5.6
Housing	43 448	4.6
Culture and sports	33 825	3.6
Energy	29 694	3.2
Peace and security	25 752	2.7
Other projects and activities	95 109	10.1
<i>Total</i>	944 851	100.2

These figures and the classification of projects by individual sector have been compiled by the review team, based on statistics provided by NORAD. The total disbursement figure is somewhat higher than the official figure, because of the inclusion of some regional grants not included in the official statistics of aid disbursed to South Africa (cf. annex 1). However, investments from Norfund (see below) are not included in the Table. Loans from the aid budget to Norwegian companies investing in South Africa are, on the other hand, included in the Table since they are officially classified as part of the assistance to South Africa. These loans add up to about NOK 35 million.

The classification of activities by sector also deviates somewhat from the official classification. The team noted that the official classification had varied somewhat over the period without any consistency. There had also been a tendency to classify all funds



channelled through Norwegian NGOs as support to democracy, governance and human rights. The team has found it more useful to reassign some of the NGO activities to other sectors, especially those focusing on service delivery and social development projects. This has been achieved for the 1998–2001 period. For the preceding period the available statistics do not allow for such a breakdown. The allocation to democracy, governance and human rights might therefore be significantly higher than it would otherwise have been.

Table 2.1 shows that nearly two-thirds of all Norwegian aid disbursement to South Africa has gone to three sectors: Democracy, governance and human rights (34%), human resource development and research (19%) and economic growth and private sector development (11%). Six other sectors (local government, environment and fisheries, housing, culture and sports, energy and peace and security) shared about a quarter of total disbursements while one-tenth went to a range of miscellaneous projects and activities.

There are no comparative figures available that allow for a comparison of the Norwegian aid volume to those provided by other bilateral and multilateral donors. The South African Treasury's *Development Co-operation Report II* (see above) ranked Norway as the 10<sup>th</sup> largest donor in the 1994–1999 period. However, the Norwegian commitment according to the statistics in that report accounts for less than 2.4% of total foreign aid committed to South Africa in that period. These figures do not give a complete picture and should be regarded only as provisional estimates. They do, however, send a clear message: in purely quantitative terms the Norwegian aid volume is insignificant.

From Table 2.1 above, from the detailed presentation in Annex 1 and from project documents and interviews conducted by the team, several observations are described in the following sections.

### ***2.2.1 Channels of assistance and co-ordination***

There are a variety of channels of Norwegian support to South Africa. In 1994 the Ministry of Foreign Affairs decided that one-third of the assistance would be channelled through Norwegian NGOs, one-third as government-to-government assistance and the remaining one-third as private sector support, including stimulation of Norwegian companies to trade with and invest in South Africa. This decision was largely a reflection of the pre-1994 role of Norwegian NGOs as the main channel of support to the ANC and the anti-apartheid struggle together with other domestic Norwegian considerations. The team has classified all Norwegian assistance in the 1995–2001 period by channel of support. The findings are summarised in Table 2.2.

Table 2.2 shows the categorisation of Norwegian assistance in the 1995–2001 period by actual channel of support. Four broad categories can be identified. First, a relatively high proportion of aid in this period (37 percent) was channelled through Norwegian NGOs directed to a variety of South African NGOs and community-based organisations. Second, about 41 percent of aid was channelled directly from NORAD's head office and the Foreign Ministry in Oslo or through the Norwegian embassy in Pretoria. Of the amount channelled through this route, about 60 percent (or 25 percent of total aid) went to state and public institutions and the rest (just under 17 percent of total aid) has gone to private institutions (mainly NGOs and universities). Third, nearly 7 percent of aid was channelled through Norwegian universities

and research institutions. Finally, about 15 percent of funds (“other channels and unclassified”) was channelled through UN organisations as multi-bilateral assistance (mainly through UNICEF and UNEP) or through international NGOs (mainly AWEPA) together with some contributions and loans to Norwegian private companies to stimulate their interest in South Africa.

**Table 2.2**  
**Channels for Norwegian assistance to South Africa, 1995–2001**  
**(NOK 1000 and percent)**

Norwegian NGOs	Norwegian state/embassy		Norwegian universities and research institutions	Other channels and unclassified**
	To state and public institutions*	To private institutions		
349 794 (37.0)	232 259 (24.6)	157 857 (16.7)	62 435 (6.6)	142 526 (15.1)

\* This includes all government-to-government programmes as well as all other disbursements where the recipient (contract partner) is a public institution (excluding universities which are classified as private institutions).

\*\*This includes limited funds through other agencies (primarily UN agencies) and Norwegian private companies, but most are unclassified funds. The unclassified funds are identical with all activities classified as miscellaneous in the tables in Annex 1.

There appears to have been limited co-ordination between these different channels. Funds through the various channels have also been allocated by different departments, both within NORAD and the Foreign Ministry. The embassy has been informed about allocations through other channels, but appears to have had limited capacity to monitor or influence these disbursements or to extract lessons learnt and implications for the overall direction of Norwegian assistance.

The volume of allocation through these channels has remained remarkably stable throughout the period (although there are significant shifts within the channels). This year (2002) some NOK 31 million are being channelled through Norwegian NGOs from NORAD’s Department of Civil Society and Private Sector Development. Adding allocations through Norwegian NGOs from other Departments and from the Embassy, the team estimates that the total allocation to South African NGOs and community-based organisations may approach NOK 50 million in 2002.

### **2.2.2 Government-to-government assistance**

“Recipient responsibility” is a main principle in Norway’s aid to developing countries. The assistance must be in line with the plans, needs and priorities of the recipients. Consequently, institutional development and national ownership has been strongly emphasised. Poor planning and implementation capacity in recipient countries has meant that this principle has been difficult to live up to in most countries. The assessment by Norwegian aid officials is that the aid programme to South Africa is a success story in this respect. In no other country have they experienced a similar level of preparedness to be in charge, to set the priorities and to take responsibility for the programmes and projects supported. Norwegian officials also

emphasise that much effort was put into accommodating South African needs and wishes – often to the extent that insufficient attention may have been given to the need for proper appraisal of proposals.

The reasons for the comparatively strong role played by South Africa are primarily found in the country's institutions and the technical skills they command, coupled with the fact that development aid in quantitative terms plays a very limited role. The challenges from the Norwegian point of view lay at a different level: how to mobilise and deploy South Africa's substantial financial resources and institutional skills for implementation of the RDP and poverty reduction. The first official NORAD delegation visited South Africa in 1994. It met with the main electricity supplier, Eskom, to explore prospects for support to this sector, but discovered that the challenges were entirely different from what they normally encountered. The company had a multi-billion surplus and impressive technical skills and capacity!

However, South Africa did not have a clearly formulated strategy and implementation plan into which Norwegian assistance could be slotted. In fact, the first aid consultations between the two countries took place only in mid-1996 (since then formal consultations have been held every year, including, until recently, a smaller annual mid-term review meeting). The areas of support appear often to have been identified by Norway first, while in the dialogue and the subsequent appraisal stages South Africa decided on priorities and activities.

In the first 2–3 years much of the funding focused on support to policy development, institutional reform and capacity building, with most major programmes coming on-stream only from 1998/99 and especially after the 1999 Declaration of Intent. These programmes with government institutions gave Norwegian assistance a sharper and more concentrated focus although some of the programmes were composed of disparate, discrete projects.

The use of long-term Norwegian technical assistance has been limited. The only long-term technical advisor on secondment was a fisheries expert assisting in the formulation of a new fisheries policy. Since mid-2001, a technical advisor from the Geological Survey of Norway (NGU) has been based at the Council of Geosciences to provide advisory services to the Groundwater project. In addition, three Norwegian policemen were seconded to the Truth and Reconciliation Commission. Within the housing sector, a long-term advisor has also been seconded although this occurred through a co-operation agreement between a Norwegian and a South African NGO. A number of short-term technical assistants have also been deployed, often through direct arrangements between Norwegian and South African institutions.

The first significant activity was in the energy sector to which funds (1994–1997) were directed to capacity building and assistance to Parliament's committee on energy and to university-based policy research. This paved the way for a fairly strong and coherent programme with the Department of Minerals and Energy on framework conditions for the sector, including support for the liberalisation of the electricity supply industry and the establishment of a new regulatory regime.

The first major programme to come on stream was a NOK 57 million allocation to the Department of Trade and Industry as a contribution to its assistance to small, medium and micro-enterprises (SMME). This involved support to institutional restructuring and funds for Khula Enterprise Finance. The programme began in 1995 but only NOK 47 million had been disbursed by 1997, at which time Norway ceased its funding because of under-spending and slow progress in the main component (Khula) related to micro-enterprises. The unspent funds

were reallocated to a number of minor projects dealing with framework conditions for economic growth and other assistance to private sector development.

Within human resource development the emphasis was in accordance with South African priorities: primary education and vocational training. A number of activities were funded, mostly via private institutions and through UNICEF. A school-building project in Mpumalanga was discontinued because of insufficient progress. Following the 1999 Declaration of Intent, Norway initiated two major programmes with government departments, focusing on higher education and research.

A local government programme was implemented from 1998 onwards through the Department of Provincial and Local Government, following the first fact-finding mission by NORAD in 1995. The programme had several components comprising the Department, the Demarcation Board, the South African Local Government Association, the Mpumalanga province and the Mpumalanga provincial capital.

Within the housing sector, the main activity, apart from the one-off grant to the Housing Guarantee Fund, has been support to developing and implementing housing co-operatives as an element in South Africa's housing strategy. This endeavour has been a joint project between a Norwegian and a South African NGO. Norwegian funding is planned for the national Social Housing Foundation (2003-2004) to explore the feasibility of replicating the co-operative model on a national scale.

Environment and fisheries has been another major sector following the signing of the 1996 Memorandum of Understanding between the Norwegian Ministry of Environment and the South African Department of Environmental Affairs and Tourism. The programme included a number of different environmental projects, a major component focusing on the development of a new fisheries policy and a project to strengthen the Department for Waters Affairs and Forestry's capacity to provide community water from groundwater resources.

Within the area of culture, a programme was established in 2000 with the National Arts Council to support music education and cultural exchange.

The biggest area of activity has been support to a broad range of activities in the democracy, governance and human rights sector. A range of NGOs and community-based organisations has been supported, based on the premise that a strong and vibrant civil society would help consolidate the new democracy. Norwegian NGOs were the main channel for this assistance. Through the embassy considerable funds have also been channelled for such purposes. Some have been directed to state institutions as *ad hoc* grants (e.g. the Constitutional Assembly, TRC and SABC), but most were channelled to a relatively small group of national NGOs, often with a focus on applied research and with links to universities. The stated intention of the 1999 Declaration of Intent to develop a more coherent programme or to engage more directly with state institutions (e.g. the Justice sector or the statutory bodies to protect democracy) has not yet materialised in a programme.

Support to peace and security comprises a small number of activities but is given high priority in Norwegian considerations, especially related to regional and Africa-wide concerns. The main activity revolves around the Training for Peace in Southern Africa project and various applied research projects, mainly conducted by the Institute for Security Studies. Recently, financial support has also been provided to the Department of Defence for the South African

protection force in Burundi and to the South African Police Service for a “destruction of small arms” project.

The category “other projects” includes substantial funds to a variety of HIV/AIDS projects implemented by South African NGOs.

In the first phase, consideration was also given to concentrating Norwegian assistance on one province: Mpumalanga. Because of poor implementation capacity by the province, Norway decided to pull out and the matter was not included in the 1999 Declaration of Intent. Official assistance to Mpumalanga is now limited to the local government component and to fairly significant support to NGO projects focusing on HIV/AIDS in that province.

### *2.2.3 Universities and civil society*

Two particular aspects of the Norwegian aid programme must be highlighted: the important role of universities and research institutions and the large support to civil society.

South Africa’s universities and research institutions have come to occupy a prominent position in Norwegian development assistance. This is a reflection of the size and strength of this sector in South Africa compared to that of other countries receiving Norwegian aid. The main manifestation is support to human resources development and research efforts. The main proportion of the funds to this sector has gone to South African universities, partly channelled through Norwegian universities and research institutes and partly through two government-to-government programmes. The role of the higher education and research institutions, however, is also evident in most of the other sectors. They have played a critical role in providing skills and resources to advocacy NGOs in the democracy and governance sector and in shaping thinking on human rights; in Norwegian support to policy development in the energy sector, peace and security and in marine research; and they have provided important capacity training supported by Norway in the energy and local government sectors. Beyond this, inputs from South African researchers have also made significant contributions to Norwegian thinking on development assistance, particularly to Southern Africa. Moreover, South African universities have been involved in training programmes in other countries receiving Norwegian aid.

South Africa’s plethora of non-governmental organisations is a major recipient of Norwegian development assistance. Probably more than half of the aid volume has in various ways been channelled to this non-profit sector. There have been some shifts in the sector with an increasing share being used for a wide variety of community development projects and less on policy, advocacy and national programmes. There is also a noticeable absence of co-ordination and mutual exchange of information between the various Norwegian NGOs involved and between the Norwegian Embassy and the NGOs. Few attempts have been made to make use of the non-profit sector in the government-to-government aid programme. The main exception is housing, in which the Norwegian programme has been shaped to a significant degree by Norwegian and South African NGOs. Within the health sector (classified under “other projects”) there has also been a more systematic (though uncoordinated) use of NGOs. All Norwegian funding for HIV/AIDS projects has been channelled through various private South African institutions (and through multilateral agencies).

South African NGOs have been commissioned, however, by the South African government to implement components of the Norwegian aid programme and to manage service delivery. The Department of Education's South African-Norwegian Tertiary Education Programme has commissioned an NGO to take charge of its implementation and the Department of Water Affairs and Forestry sub-contracted an NGO to implement parts of the groundwater project.

#### ***2.2.4 Regional components***

The regional dimension is strongly emphasised in the policy framework guiding the development co-operation programme (cf. also the discussion in Ch. 3.4 of the Norwegian policy on regional co-operation in Southern Africa). This emphasis has been a Norwegian initiative, but it has been well received and supported by South Africa. A regional component is incorporated in most government-to-government programmes signed after 1999. However, regional dimensions have also featured in many of the earlier activities. Some of the government-to-government programmes have also partly emerged out of regional projects initiated outside South Africa. Within the fisheries sector, co-operation began through the Norwegian-supported programme focusing on stock assessments and scientific research in the Benguela Current. South Africa was incorporated into this programme in 1994. Within the energy programme the foundations for support were partly laid through linkages between the Norwegian-funded Secretariat of the SADC Energy Commission in Luanda (the technical unit) and ANC-linked researchers and South African business in 1993–1994.

Within these two sectors the regional dimension has continued to play a role. In fisheries, the regional programme continues (centring on the use of the Norwegian research vessel “ Dr Fridtjof Nansen” and the Benefit programme) and in energy a (small) regional component is made up of support to the National Electricity Regulator and efforts to establish a regional electricity regulator.

In the other programmes the regional components are in most cases small add-ons to the predominantly national activities. Within the local government programme a regional component is being planned for the second phase and the environmental and groundwater projects have some small regional components.

The Tertiary Education Programme has a small fund to which South African higher education institutions can apply for funding for collaborative projects with institutions in the SADC region. The Mmino programme with the National Arts Council has a similar regional component although there have not yet been any applications for this purpose.

In the area of economic growth and private sector development there is a small regional project attached to the support to the Competition Commission. This has basically provided for expenses related to the establishment of a regional association of competition regulators in Southern and Eastern Africa.

The largest single regional project was initiated by Norway and is being implemented outside the government-to-government framework: the Training for Peace in Southern Africa project. It began in 1995 and NOK 40 million has been allocated for the second phase (2002–2005). Two South African NGOs (Accord and ISS) are implementing this programme. In the second phase the aim is to build capacity among civilians and police officers to take part in peace missions and to establish a database of trained people. A work plan has yet to be developed at the time of writing, including the identification of a regional partner that could help give the

project a stronger regional profile and ownership. Within this sector there are also a number of smaller policy research projects with a regional focus, mostly implemented through the ISS. A smaller project to monitor SADC developments is being implemented by the South African Institute of International Affairs. Additionally, an *ad hoc* grant has been made to the Department of Defence – a USD 1 million allocation in 2002 to the South African protection force in Burundi.

The human rights and democracy field does not include any major regional project. Some NGOs have established regional networks facilitated by the Norwegian grants. Such networks have been most developed in some of the activities supported through the Norwegian Church Aid (NCA), e.g. through the support to the regional association of Councils of Churches. NCA has a regional strategy guiding selection of projects and activities.

In the “other” category there are regional components in the health sector. The HIV/AIDS programme includes a component implemented through a regional NGO with significant funding accruing to South Africa. The Health Information System Programme based at UWC’s School of Public Health is a particularly interesting case of a software package and a model for health data use developed in South Africa with crucial Norwegian support. It is now being exported by South Africa to a number of countries in Southern Africa and beyond.

### ***2.2.5 Institutional co-operation***

Norway has sought to stimulate the participation of Norwegian institutions in the aid programme and to ensure that South African aid recipients are familiar with and have knowledge of relevant Norwegian expertise and competence. According to officials interviewed, Norway has probably facilitated more contact visits for South Africans to Norway than for any other developing country. The 1999 Declaration of Intent established the forging of links between South Africans and Norwegians as an official objective, which is the first time such an objective has been formally stated in a development co-operation agreement.

There are now components of institutional co-operation in all government-to-government agreements. They typically revolve around mutual visits and short-term exchange of staff. A key activity has been Norwegian technical assistance and skill transfer. Institutional co-operation has been most comprehensive in sectors where Norwegian assistance has been targeted at key policy issues and institutional reform at the national level. This applies, in particular, to energy (especially the co-operation between the National Electricity Regulator and NVE but also between DME in South Africa and NPD and NVE in Norway) and fisheries (between the Marine and Coastal Management in South Africa and the Institute for Marine Research and the Directorate of Fisheries in Norway). Similarly, co-operation has been established in a number of areas where the focus has been on implementation of specific issues such as local government (especially between the South African Local Government Association and KS and between the Norwegian Mapping Authority and the South African Demarcation Board), housing (between Cope Housing Association and NBBL), and the groundwater programme (between the Council of Geoscience and NGU).

There is a particularly large number of Norwegian institutions involved in collaborative activities in the various environmental programmes. Co-operation has been minimal in the main projects with the Department of Trade and Industry, but some co-operation has been

initiated in the newer projects, especially between the Competition Commission in South Africa and the Competition Authority in Norway. Within the culture programme there is some co-operation in the implementation of the Mmino-programme between the National Arts Council and the Norwegian Concert Institute.

By far the most comprehensive institutional co-operation is taking place within higher education and research. A large number of higher education and research institutions in the two countries are involved in various joint research projects and other collaborative work. A separate government-to-government programme has also been established specifically to fund joint research programmes. Managed by the National Research Foundation in South Africa and the Research Council in Norway, it generated a particularly high number of joint applications (over 80) in the first call. It has also facilitated co-operation between the two research councils in other areas.

Outside the government-to-government framework the picture is mixed. Within the peace and security sector there is a strong link to the Norwegian Institute of International Affairs in the Training for Peace Programme. This programme has funding also to facilitate participation from Southern Africa in Norwegian/Nordic training courses and the use of Norwegian instructors in training courses in the region.

The three major Norwegian NGOs channelling funds to South Africa have established additional links to their South African partners, but the record is uneven. It is most developed with some of the bigger recipients, especially the linkages between Norwegian Church Aid and some of their partners. The smaller, single-purpose Norwegian NGOs, which typically have only one or two partners in South Africa, have tended to have stronger linkages.

The Embassy's Human Rights Programme, managed by the Norwegian Institute of Human Rights, has a specific mandate to facilitate co-operation between Norwegian and South African institutions in this field. Few activities to pursue this objective have been implemented and co-operation initiated through this facility is limited.

The opportunities opened up by the Norwegian Fredskorpset have generated some interest on the Norwegian side and several of the Norwegian NGOs (and others) are now introducing staff exchange into their projects with their South African partners.

### **2.3 Trade, investment and private sector co-operation**

Commercial relations between Norway and South Africa are limited in quantitative terms. Trade between the two countries is modest. The annual value of Norwegian imports from South Africa has fluctuated between NOK 350 million and NOK 550 million in the period under review and is mostly confined to minerals and agricultural produce. Norwegian exports have fluctuated between NOK 150 million and NOK 300 million and comprise mostly machinery and equipment and various niche products. These figures are comparable to Norwegian import figures from countries such as Pakistan, Latvia or Australia and export figures to countries such as Indonesia and Hungary. They amounted to 10–15% of all imports from Africa and about 5–8% of exports to Africa in the period reviewed. For South Africa the Norwegian export market is small and significantly below countries like Denmark and Sweden. The same applies to Norway as a source of imports.



These trade figures are not expected to change dramatically in the short to medium term. The current strength of the Norwegian Krone and the low value of the South African Rand are an impediment to expansion of Norwegian exports. The biggest potential for an expansion of Norwegian imports is in agricultural products but Norwegian trade barriers in this sector are a constraint on expansion.

Norwegian investments in South Africa are also limited. The three major Norwegian companies, Statoil (oil and gas), Norsk Hydro (artificial fertilisers), and Borregaard (pulp and paper) have, however, recently made significant investments. The involvement by Statoil in the liquid fuel industry in South Africa may also have significant additional implications taking into account the company's sizeable investments in the Angolan offshore industry.

Beyond these three companies, some investments have been made by a few small- and medium-sized Norwegian companies. For example, through a local partner, one company has positioned itself to become a player in the provision of solar energy technology and off-grid electricity supply in the Limpopo Province.

The Norwegian Trade Council has a regional office in South Africa, which manages NORAD's Matchmaking Programme (cf. annex 1). Norfund, established by the Foreign Ministry to provide risk capital for companies in developing countries, has invested in two South African investment funds and bought shares in a management company (cf. annex 1).

The aid programme also contains additional components specifically designed to stimulate skills and technology transfer from the Norwegian private sector to South Africa. They have not been frequently used in the South African context. A component was to have been included in the original programme with DTI, but was subsequently handed over to the bigger Danish-supported project with the Department. A Norwegian company (Borregaard) has grants for training through its joint venture operation with Lignotech. The main mechanism for stimulating skills and technology transfer between the private sectors in the two countries is envisaged to be the Matchmaking Programme.

South African investments in Norway are also insignificant. The main example is in the car rental business where the South African AVIS Company bought the Norwegian-Swedish AVIS franchise from a Norwegian company.

The Norwegian economy is small in world terms and its private sector has traditionally not been outward looking and has made hardly any investments in developing countries. The one area where Norway could potentially make a big difference is investments through the Norwegian Government Petroleum Fund. A part of the state revenue from the offshore oil and gas industry is transferred into a rapidly growing Petroleum Fund managed by the Norges Bank (The Central Bank of Norway).. The Fund is invested in stocks and bonds worldwide. Recently, investments have also been made in the so-called emerging markets. Consideration has been given to making investments in South Africa. A positive outcome could easily unlock investments in excess of one billion Rand. All such decisions are made by the Central Bank based on technical criteria and guidelines issued by the Ministry of Finance. The embassy in Pretoria or NORAD have no involvement.

## **2.4 Political consultations and co-operation**

The 1996 MoU on political consultations and the 1999 Declaration of Intent provide the framework for political consultations and co-operation between the two countries. Both countries emphasise the importance of political relations and the fact that they often find themselves working together as likeminded countries in international affairs. Both sides also underscore that this special relationship has historical roots and that a deliberate policy must be elaborated to ensure that this relationship can be sustained and developed further.

South Africa and Norway have agreed on a flexible framework for consultation and have not opted for formalised and more rigid structures such as a bi-national commission. The Foreign Ministers will attempt to meet once a year, at the time either of the UN General Assembly session or of other international events. The Director General in South Africa's Department of Foreign Affairs (DFA) and the Secretary General in the Norwegian Ministry of Foreign Affairs (or their deputies) meet annually to discuss a wide range of bilateral and international issues. Meetings also take place at lower levels, between the Norwegian embassy in Pretoria and DFA, and between delegations from the two countries in international organisations and conferences. There appears to be less consultation in Oslo between the South Africa embassy and the Ministry of Foreign Affairs.

The Norwegian Prime Minister has made two official visits to South Africa and the King of Norway as Head of State has visited once. The South African President has made two official visits to Norway and twice attended the Nordic Summit (in Copenhagen and Molde).

Co-operation is considered to be particularly fruitful at the multilateral level. The two countries co-operated closely in the process leading up to the signing of the 1997 Convention on antipersonnel mines and they both serve on the board of the Geneva-based International Centre for Humanitarian De-mining. There have also been close consultations at the UN in New York during Norway's 2001–2002 membership term in the Security Council.

Small arms and conflict management in Africa, together with regional (SADC) and continental (Nepad/African Union) co-operation, are issues expected to feature prominently in future consultations. The Norwegian side also takes an interest in pursuing issues related to the Bretton Woods institutions and the WTO.

The desire to collaborate more closely in the political sphere is reflected in the allocations under the aid programme. The 2002 allocation to the Department of Defence for the South African protection force in Burundi emerged out of consultations at the multilateral level. The 2001 allocation to the South African Police Service for a project on destruction of small arms emerged from consultations between the South African Director General in the DFA and the Norwegian Secretary General in the Ministry of Foreign Affairs. The Norwegian emphasis on the Training for Peace in Southern Africa project and the funding of a number of research projects through the ISS must also be seen in this light. In 2002 the embassy also provided a grant to the South African Institute of International Affairs to monitor the evolution of SADC. Furthermore, support was given to a research project (now completed) at the Centre for Conflict Resolution on South Africa's past chemical and biological warfare programme. Moreover, funding was provided in 2001 for the establishment of the Nepad Secretariat located at South Africa's Development Bank of Southern Africa.

Outside the foreign affairs ambit co-operation has been most pronounced on environmental issues, for which the 1996 MoU on co-operation in environmental affairs provided the framework. Its most recent manifestation was co-operation at the 2002 Johannesburg World Summit on Sustainable Development as well as various co-operative efforts linked to mutual interests in the Antarctic and the South Atlantic.



### **3: Achievements and lessons learnt**

This chapter will outline the team's main findings relating to the relevance and effectiveness of Norwegian development assistance. The discussion is structured around the three key objectives outlined in the 1999 Declaration of Intent: assistance to South Africa's transformation and poverty reduction policies; the regional dimension in the aid programme; and the co-operation between Norwegian and South African institutions and organisations. A final section will also present some observations on the management of the development co-operation. This discussion will provide the basis for the team's conclusions and recommendations in chapter 4.

#### **3.1 Meeting South Africa's development challenges**

Total official development assistance flowing to South Africa is in quantitative terms, insignificant – currently around 1% of government revenue and is in relative terms, decreasing compared to the growth in the South African economy. This does not mean that aid has been unimportant. Development assistance has often played an important role in assisting the transformation of institutions, in developing new policies, in implementation and delivery of services and in exposing South Africa to lessons and experiences from other countries. It could be argued that this might also have been achieved without the development assistance but then probably at much slower speed. In consolidating new and fragile democracies, speed and swift action are important and sometimes crucial.

The experiences from the aid inflow to South Africa are, however, also mixed. The National Treasury's 2000 evaluation, *Development Cooperation Report II* (DCR), of the aid inflow in the 1994-1999 period found that aid has had a significant impact in many areas, but also noted that it was highly uneven, that it was not sufficiently focused and that it was not optimally managed.

Norway may be ranked among South Africa's top 10-15 foreign aid donors, but the Norwegian aid flow still only accounts for a negligible fraction of the total aid going to the country, probably significantly below 5%.

In this chapter, the role of Norwegian aid is assessed in relation to three major crosscutting themes corresponding to key challenges facing South Africa: policy frameworks and the creation of an enabling environment; poverty reduction and job creation; and implementation and capacity development. A separate section will specifically analyse the Norwegian contribution to civil society.

In assessing the relevance of the Norwegian aid a strong emphasis will be on alignment with South Africa's development objectives as outlined in the country's policy framework and pursued through its planning and budgeting instruments.

### ***3.1.1 Policy frameworks and an enabling environment***

Developing a policy framework and appropriate policies and associated institutional reforms and restructuring at both the macro and sector-levels were major challenges confronting the new government after the 1994 elections. The review team finds that Norwegian assistance to these processes has often been very relevant and effective and has made a difference in assisting the South African government in certain policy areas.

Norwegian support to the development of a new fisheries policy features as an outstanding illustration of timely, relevant and successful assistance. The Norwegian contribution focused on the main issues confronting the sector and was targeted at developing a new policy and legislative framework addressing, in particular, the management of marine resources and the redistribution of fishing quotas.

#### ***Box 3.1: Marine Research and Fisheries Policy***

In 1994, the new South Africa inherited a fisheries industry dominated by a few privileged operators benefiting from strong support from the state. There was limited or no assistance and support for small-scale and subsistence fisheries. Through its Marine and Coastal Management (MCM) the Department of Environment and Tourism embarked, therefore, on the formulation of a new fisheries policy which resulted in a White Paper, adopted by cabinet in 1997. Thereafter, a legal task team was set up to draft legislation and subsidiary regulations on selection criteria and quota size to follow up the policy direction provided by the White Paper. In 1998 the Marine Living Resources Act was passed by Parliament. With the legal instruments in place the MCM then started a process of policy implementation, which, above all, involved a reallocation of fishing rights and quotas to new entrants within a sustainable management regime of existing stocks. The implementation was not very successful in the first three years, but steps have been taken to ensure a more accountable and transparent process so that the redistributive objectives of the legislation can be met.

Norwegian support has played an important role in assisting this process. The focus has partly been on joint research to improve stock assessments in the Benguela Current, and on strengthening MCM's scientific capacity. The most crucial contribution, however, has been in providing technical assistance in the elaboration of new policy through legislation and regulations, and in the establishment of the new management regime. The Norwegian Institute of Marine Research and the Norwegian Directorate of Fisheries have played an important role here.

The current focus of Norwegian support has been broadened to focus on support for the mariculture sector in order to strengthen the economic role of the fisheries sector. Support is also provided to improve the management and support to subsistence fisheries by establishing co-management structures.

Energy is another sector where Norway has made an important contribution to policy reform and the legislative framework. It began with support to policy research and capacity building of the new Parliament's portfolio committee on energy which in turn, from the late 1990s, led to focused support to the Department of Minerals and Energy, including also support to the regulators.

### ***Box 3.2: National Regulators – Energy and Competition Policy***

Since 1994 South Africa has moved rapidly to establish a regulatory framework for an economy that was historically dominated by the existence of monopolies and oligopolies. Norwegian development assistance has been particularly important in assisting the National Electricity Regulator (NER) and the Competition Commission.

The NER is the regulatory authority over the Electricity Supply Industry. It was established as a statutory body in April 1995. The Minister of Minerals and Energy appoints board members, but once appointed, the NER acts independently and reports to Parliament.

The role of the NER is to license generators, transmitters and distributors of electricity, to approve the prices at which electricity is sold and to set minimum standards for quality of supply and service. The NER also resolves disputes between suppliers of electricity and their customers, as well as between suppliers. The NER is funded from a levy imposed on generators of electricity, which is passed on to all consumers of electricity.

The NER has been at the forefront of setting up, with Norwegian assistance, the Regional Electricity Regulators' Association (RERA). This association aims to coordinate regional regulatory practices for the electricity supply industry of SADC. The NER is also playing a leading role in the formalisation of plans for utility regulators in Africa (to be called the African Forum for Utility Regulators – AFUR).

In the petroleum sector, Norway has supported the process of creating regulators for the gas sub-sector and for petroleum pipelines. These institutions are expected to be established soon.

The Cabinet has decided to establish one regulator for the energy sector. As a first step the boards of the various regulators are expected to be merged in 2003.

The Competition Commission (CC) was established as an independent, statutory body to facilitate competition in the South African economy and to prevent the further development of monopolies and the concentration of few, large companies in many sectors. The CC is responsible for the investigation, control and evaluation of prohibited practices, exemption application and mergers and acquisitions. It also has an advocacy and education function with respect to competition policy. Norwegian support for the Competition Commission has been considered important, particularly the interactions of the CC with the Norwegian Competition Authority, even though most support has focused on the provision of physical infrastructure with relatively less emphasis on support for the development of policies and regulations. The Norwegian support has also facilitated the establishment of an association of competition regulators in Southern and Eastern Africa.

Outside these areas the support has been more mixed. Through the DTI, financial support was provided to some institutional restructuring and improved facilities for support to SMMEs, but it has on the whole not been considered successful (see more in 3.1.2). The exception is the Competition Commission where the small Norwegian support is considered important, although it has chiefly focused on physical infrastructure and less on support for the development of policies and regulations.

Within the housing sector a spin-off from the support to the project implemented by COPE and NBBL has been the scaling up of the co-operative model. This model is now emerging as a small, but still important component in the national housing policy, especially related to inner city developments in major cities.

Norway has not played any direct role in assisting the development of education policies (except for some small, but important funding channelled through a Norwegian NGO to various education policy units before 1994 and in the first period after the elections). In 1999 Norway initiated a support programme for higher education transformation through the Department of Education. The programme had a slow start, in large part because Norway failed to take sufficient account of South African priorities and evolving policies. The net result has been a programme which basically consisted of a number of very different projects. Each of these projects is potentially a very solid pilot project and they are all now strongly supported and managed by the Department of Education (through CEPD). It is too early to pass any final judgement (the projects only started in 2001/2002). One of the projects is a fund to assist the Department in implementing the newly adopted plan for restructuring the higher education institutions. This fund can play a small, but important role in assisting the Department in targeting interventions to achieve its goals.

Within local government, the main proportion of the funds has gone into capacity building and implementation (see below). Some funds have been allocated to policy planning and institutional reform (White Paper, Demarcation Board) but the Norwegian contribution to the evolving policy framework in this sector has been limited.

Norwegian support has made strategic contributions in some of the environmental projects. The project to build capacity and competence to implement the Climate Change Convention is considered to have been particularly relevant and effective. The capacity to provide environmental co-ordination and management is also considered to have been strengthened through the production of a range of state of the environment reports. The project on pollution and waste has achieved less, but is considered to have a potential in assisting the Department in developing and improving policies and legislative frameworks for pollution and waste management, perhaps especially related to implementation capacities and cleaner production.

The major groundwater project with the Department of Water Affairs and Forestry (DWAF), on the other hand, appears to have been less successful in achieving its goals. The implementing agencies, the Mvula Trust, the Council of Geoscience (CGS) and the Council of Scientific and Industrial Research (CSIR) with the Geological Survey of Norway (NGU) in a strong advisory role, have not been able sufficiently to strengthen the Department's professional and technical capacity and strategies in the use of groundwater resources in the development of rural water supply services. The programme, as judged by a recent review, has suffered from three major weaknesses. One is poor co-ordination between the different project components, in part emanating from tensions between those focusing on research on groundwater resources and related information systems (NGU, CGS and CSIR) and those wanting to be more pro-active on community involvement and awareness building (DWAF and Mvula). A second factor has been insufficient attention to and integration with local and provincial structures. A third weakness has been poor integration and weak internalisation in DWAF. Following the rather critical review in May 2002, DWAF has now indicated its preparedness to take a stronger role in managing the project.<sup>1</sup>

In the specific field of democratisation and human rights Norway has made a number of important *ad hoc* allocations ranging from support to the Constitutional Assembly to funding the SABC's broadcasting of TRC hearings. Most activities have focused on civil society and a variety of non-state actors (see 3.1.4 below). There have been no real attempts to develop a

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<sup>1</sup>See the *Review of the NORAD Assisted Programme for the Sustainable Development of Groundwater Sources under the Community Water Supply and Sanitation Programme in South Africa*, Final Report 22 May 2002.



programmatic approach to this in relation to the government, or in the relations between civil society and government.

The Norwegian support to HIV/AIDS-projects has been channelled outside government structures, but it should be noted that some of the NGOs supported have played an important role in changing government positions and policies.

### ***3.1.2 Poverty reduction and job creation***

Poverty reduction is the overarching goal of Norwegian–South African development co-operation. Norway’s main role here has been in its support for the policy framework outlined above. Many activities and projects supported by Norway are also targeted at or benefiting certain social groups. In many cases these are not the poorest of the poor, but the better off among the poor and the middle-income earners. However, substantial funds are also channelled specifically for poverty reduction in the sense that they are targeted directly at the poor in disadvantaged communities. The review team finds that although there are some good projects, the overall impression is that these interventions have been less successful. This is mainly because they have been fragmented and *ad hoc*, poorly co-ordinated and with limited attention to what works and what does not work. Some projects supported have also been aborted when implementation problems emerged. These problems have, however, also been due to the lack of a proper framework for poverty reduction on the part of South Africa.

The first government-to-government programme to be established related to support for the SMME sector. Norway was the first and major donor to Khula Enterprise Finance, the main agency in the support to the SMMEs. Norway ended its disbursement of funds to Khula because of insufficient progress. Subsequent support to this sector, mainly through the Matchmaking Programme, has tended to focus on the high end (small enterprises and “going concerns”) rather than the low end (the micro-enterprises). The review team did, however, find that Norwegian NGOs have provided funds to a number of projects targeting micro-enterprises and providing various forms of skills training, micro-finance and other support. The biggest of these is the Durban-based Khupuka Step, which alone has received more Norwegian funding than Khula. Little is known about how effective the NGO channel has been in this area. No attempts have been made from the official Norwegian side to assess this and its implications for the support transferred through official channels.

Within primary education there have also been some efforts to target poor communities. Chief among these is support from the embassy to a pilot project run by an NGO (OLSET). Insufficient attention was paid to how this project could be scaled up and integrated with a university/technikon or a provincial education department. A project to support the construction of school-buildings in Mpumalanga was ended because of insufficient progress.

Within the environment sector there are also components directly targeting the poor. Chief among these was the (now completed) support for the “Working for Water” programme in the first phase of the biodiversity and water project. Another is the ongoing support for heritage management and tourism through a number of rural heritage sites. Some, but not all, of these heritage projects have been judged to be very successful in assisting in community development. The chief weakness has been insufficient integration within the DEAT.

The rural water project has also been found to have some effective community projects although the chief focus is elsewhere.

The housing project implemented through Cope is making an important contribution, but it should be noted that the direct beneficiaries of the co-operative model are not the poorest of the poor, but low- and middle-income earners.

Outside these sectors and government-to-government programmes, many of the projects supported through the Norwegian NGOs and - to a lesser extent - through the embassy's human rights programme are targeted at community development projects in poor areas. A major example of this is the Social Change Assistance Trust, established with Norwegian funding in 1986 as a channel for support to development projects and civil society in poor and mainly rural communities.

### ***Box 3.3: The Social Change Assistance Trust***

The Social Change Assistance Trust (SCAT) was established in 1986 as a channel for Norwegian financial support to rural communities in South Africa. In the early years SCAT's work focused on para-legal human rights assistance. In the early 1990s the work shifted to more development-oriented assistance. Today, it is a Cape Town-based fundraising and grant-making development agency working with rural communities. Its mission is to empower the rural poor, to strengthen civil society and promote social change. Norway, through the Norwegian Church Aid, has remained the main donor, but in recent years SCAT has also succeeded in securing funding from other, mainly foreign, donors.

Currently SCAT provides assistance to almost 70 community-based development organisations in Western, Eastern and Northern Cape, mainly focusing on human rights, HIV/AIDS, local economic development and the empowerment of women and other groups subjected to discrimination. SCAT works closely with its partners and offers support in organisational development and capacity building through visits by SCAT fieldworkers.

SCAT provides core funding to its rural partners as well as project funds for capacity building and HIV/AIDS projects. In addition it has established a local fundraising incentive scheme to mobilise local resources even in the poorest communities. Each local R1 raised is rewarded with R5 from SCAT.

SCAT is the winner of several awards. It is widely regarded as a unique and valuable asset in the struggle to reduce poverty in some of the most destitute parts of South Africa.

### ***3.1.3 Implementation and capacity building***

It has become increasingly evident that alignment between South African government and foreign donor objectives does not guarantee implementation and success. Capacity constraints have increasingly emerged as integral to the core challenges confronted by South Africa. While the concern with policy development and institutional restructuring may have been the primary concern in the first years after 1994, efforts have increasingly become refocused around effective and efficient delivery. This has highlighted capacity constraints and skills shortages. Management capacity at all levels is a significant problem and has had a key impact on performance. This is also recognised in donor circles. The DCR notes that although there are many good examples of donor support to capacity building, the commitment has been slow to translate into consistently high standards. The report concludes that there is a lack of co-ordination and overall vision amongst donors, criteria and standards for interventions are lacking and frequently capacity building is seen as just training focusing on

the provision of courses. Insufficient attention is paid to the need for integrating capacity building at the highest level into the plans of organisations and institutions.

The DCR also observes that many of the same problems characterise the South African government's own efforts to grapple with these issues. Capacity building has tended to be piecemeal, uncoordinated, short term and based on a limited, intuitive approach to the task at hand. The ability to utilise donor funds effectively and efficiently in this field, the DCR argues, is very low. It should, however, be added that new efforts to deal with the skills shortages have been introduced over the last few years, and most notably through funds made available through the Department of Labour's National Skills Development Strategy.

The team found the Norwegian contribution to capacity building to be highly mixed. There is no overall policy guiding the Norwegian intervention in this area. In most of the sectors reviewed there are components – large and small - addressing capacity and implementation constraints. In some areas they are highly relevant and strategic, in others they are *ad hoc* and fragmented, and in some areas the Norwegian aid has been withdrawn when the government capacity to implement has been considered to be too weak.

One noticeable and positive feature has been the efforts to provide training to members of parliament and local authorities in addition to capacity building directed at the executive and the administration. Funds were provided to train members of Parliament's portfolio committee on energy in the first years after the 1994 elections and major training programmes were implemented to train the newly-elected local government councillors after the 2000 elections. Little is known of the impact of this training but it is generally considered to have been strategically important. This training programme succeeded in providing a 4-day training course to nearly all of the councillors elected. In addition there has been some successful training and skills transfer in highly specialised areas in certain government departments and parastatals (see 3.1.1 above).

#### ***Box 3.4: Support for Local Government Capacity Building***

Local government capacity building, funded through the Norwegian development assistance programme, has taken various forms and has been conducted through a number of institutions.

At the national level, training in municipal finance was provided under the auspices of Project Viability, to some 6000 municipal officers and 720 councillors in 240 municipalities. Positive features of the programme included the establishment of informal support networks amongst municipalities and the initiative also linked successfully with other institutions in the field of municipal finance. Major criticisms of the programme are that it did not link to the development of financial systems and structures, that it proposed only training courses and not broader capacity building and that it did not attempt to target municipalities with the greatest need.

A second component of capacity building related to technical assistance provided by the Norwegian Mapping Authority to the Demarcation Board. It is generally agreed by all parties concerned that this was a very successful exercise and made a great contribution to building the Board's IT and GIS capacity.

In Mpumalanga province, development assistance was provided in the first phase for the strengthening of the provincial administration training unit; and for capacity building for the Mpumalanga branch of SALGA (LOGAM).

This component of assistance has probably been the most problematic and least successful in the local government sector. The programme in the province was bedevilled by numerous delays and slow implementation because of lack of capacity both at the centre (DPLG) and in the province, and also because of the political turmoil in the province in the last years of the first phase, which led to a high turnover of senior staff and hence limited administrative capacity.

The fourth component was capacity building programmes in the Mbombela Municipality in which the City of Oslo and the KS have played important roles by providing technical assistance to strengthen the capacity of officials and councillors. Unlike with the national and provincial programmes, capacity building in the municipality was seen as consisting of more than training, with initiatives aimed at organisational and leadership development, and programmes being linked to key policy documents such as the White Paper on Local Government.

The fifth and final component relates to capacity building in SALGA in which KS has played a significant role. Capacity building in SALGA has taken various forms with *inter alia*, the Core Councillors Training Programme (which trained councillors within 90 days of taking office and is regarded by both KS and SALGA as being very successful), Labour Relations Projects (wages and statistics, training in labour relations, conditions of employment policy), and the Gender Project (baseline research and capacity building for municipal gender committees). In general, all of these programmes are regarded as both relevant and effective.

In sum, capacity building in the local government sector has had mixed results ranging from what appear to very successful programmes with the Demarcation Board, the Mbombela Municipality and SALGA, to less successful programmes conducted at the national and provincial levels.

The contribution to general human resource development has been far more fragmented and *ad hoc* with limited attention being given to ensuring that pilot activities can be integrated in proper institutions. Some contributions to primary education are typical illustrations of this.

The emphasis on higher education and research has provided training for postgraduates in a number of important areas (e.g. in natural resources), although the number of people trained with Norwegian funding is not known. The chief contribution of Norwegian support probably lies in its contribution to strengthening the research culture at individual institutions. Some of the university-based projects also have major outreach programmes involving substantial training of target groups. Chief among these is UWC's Health Information Systems Programme (see Box 3.6).

The Training for Peace in Southern Africa project is the only Norwegian-funded and initiated project specifically established, as the name indicates, to focus on training. As a training programme running its own training courses, it appears to have had limited impact. It has suffered from a lack of institutional ownership and from difficulties in targeting relevant people to train. Its impact has been greater where it has succeeded in delivering training modules or lectures through existing institutions and training programmes nationally (primarily in South Africa) or at a regional institution (mainly the SADC Regional Peacekeeping Training Centre). (See also the discussion in 3.2 below.)

Substantial capacity building activities take place also through the NGOs supported both through Norwegian NGOs and through the embassy. These are programmes implemented through NGOs and directed at target groups, but also include capacity building aimed directly at strengthening the NGOs themselves. Little is known about the impact and lessons learnt from this Norwegian contribution. Other studies however, have concluded that Northern donor support to capacity building of South African NGOs has been both piecemeal and fragmented with limited impact on capacity levels (cf. annex 3). This probably also holds for the Norwegian contribution (see 3.1.4 below).

Skills transfer and capacity building have also been among the objectives in the various mechanisms used by NORAD to stimulate Norwegian companies to engage with South Africa. Again, little is known about these interventions but the limited scale of these activities suggests that the impact has been negligible (see also 3.3).

The review team also notes that there appear to have been few attempts by either NGOs or the private sector to access public sector funds available in South Africa for skills development and capacity building.

### *3.1.4 Civil society*

The team noted in Ch. 2 that significant Norwegian funding was channelled to a very wide variety of NGOs and community-based organisations. Although precise figures are difficult to arrive at, the review team concludes that the Norwegian financial support to civil society, including funding through government channels, may have exceeded half a billion kroner in the 1995-2001 period. The team is not in a position to pass any final judgement on the impact of this support. Some observations can, however, be made. These are based on the three workshops, interviews conducted by the team and the assessment of project documents together with insights from other studies of donor support to civil society. Annex 3 provides a summary of the general assessments of the role of civil society in South Africa and the challenges facing this sector.

The first striking observation is the almost total absence of co-ordination and information sharing both among the various actors behind the Norwegian support to this sector and between this sector and what is being supported through the government channel. There is also very little factual information available on the role of the Norwegian support to this sector. This also applies to the financially significant funding provided directly from the Embassy to South African NGOs, mainly through the human rights programme. This support is fairly similar to that channelled through Norwegian NGOs both in terms of type of organisations and activities funded, and in profile. The Embassy, however, has a preference for national NGOs while the Norwegian NGOs have focused more on community-based organisations.

Officially, Norwegian support is justified in terms of the consolidation of a vibrant civil society and as such government control and direction should be avoided. This is also the position taken by the South African Treasury. The review team agrees with these basic principles, but the sheer size of the aid disbursed, suggests that much more attention should have been paid to co-ordination. This applies in particular to areas where the NGO-funded projects focus on community development and service delivery and relate to local government structures and other state bodies. There is only one area where this has been attempted, and with some success: the housing sector and the co-operation between Cope Housing Association and the NBBL.

It is important to know what is implemented through NGO-projects and what is being achieved. Are there any lessons learnt that could be of benefit in the assistance channelled through the government? Are there any lessons from the government channel that can be of use for NGO support? Can government-NGO partnerships be facilitated, particularly in areas of service delivery and targeting of poor communities? Such questions need to be asked as Norwegian support through NGOs, particularly to the informal sector and micro-enterprises, is in financial terms, far more significant than that which Norway channelled through official channels. The one area where government-NGO partnerships are incorporated into a Norwegian supported programme is in the Groundwater programme, but this has been a South African initiative.

The team would also have expected that more consideration would have been given to targeting some of the funds available for NGOs to certain prioritised sectors in order to strengthen the Norwegian impact through giving it a sharper focus as well as addressing implementation challenges. An illustration of this is the fisheries sector where Norway has made a significant contribution in supporting a new policy and legislative framework. The challenge now is implementation and this also necessitates more direct assistance to poor fishing communities. The review team is not aware of any Norwegian contribution through NGOs to this effect with the exception of a small project in Port Nolloth on the West Coast (supported through SCAT).

### ***Box 3.5: IDASA and HURISA***

The Institute for Democracy in South Africa (IDASA) and the Human Rights Institute in South Africa (HURISA) are major recipients of Norwegian development assistance. IDASA was established in the late 1980s and played an important role, particularly related to achievements in facilitating visits by white South Africans to the ANC in exile. Since 1994 it has refocused its activities to perform a watchdog function in the new democracy. It operates out of national offices in Cape Town and Pretoria.

Funding for the acquisition of the national offices was provided by Norway. In addition Norway has provided core funding to the institution and some project funds, mainly to its budget programme and the production of “children’s budgets”. IDASA has also been commissioned by NORAD and other donors to assist in the capacity building of NGOs in Zambia and Zimbabwe.

HURISA was established in the early 1990s with substantial Norwegian financial and technical assistance. It started as an initiative to make publicly available the material and findings of the Goldstone Commission of Inquiry into Political Violence. Its key objectives were to create a database of human rights violations and to build capacity among NGOs for the shift from the anti-apartheid struggle to campaigns for human rights. HURISA was less successful in achieving its original objectives. Norwegian funding ended in 2000.

A second main observation in Norwegian support relates to an uncoordinated, fragmented and *ad hoc* approach in addressing the weaknesses characterising this sector: for example, capacity constraints, weak management, difficult relations with government structures, and poor attention to a changing funding landscape (see annex 3). Many of the organisations supported remain financially very dependent on Norwegian funding. Some have managed to secure funding from other foreign donors, but very few have funding from domestic public or private sources. Some will manage significantly to reduce their financial dependence on Norway by 2004, but very many will not have succeeded in doing that – especially among the smaller, community-based organisations.

The review team also noted that few attempts have been made by NGOs to secure funding from domestic sources. However, some have succeeded. A glance through the list of recipients of the ZAR 167 million disbursed from the National Development Agency (NDA) and the ZAR 223 million disbursed from the National Lottery Distribution Trust Fund (NLDT) shows that 15-20 of the organisations listed in annex 2 have succeeded in securing funding from these sources. Nevertheless, there is considerable potential for improvement. Funding can be secured from the NDA/NLDT-funds earmarked for civil society, from various government development funds (e.g. National Skills Development Programme) or from development finance institutions (e.g. the Development Bank) and from the corporate sector. There were, however, strong complaints from the NGOs interviewed about the bureaucracy involved in accessing government funds, especially from the NDA and the Lottery Fund.

The review team also notes that there have been no attempts by Norway to explore through official channels the prospects for Norwegian assistance (technical and/or financial) to assist the South African government in making its channels for civil society support more effective. Taking into account the size and scope of the Norwegian support to civil society organisations this should have been considered.<sup>2</sup>

In summary, the team finds that the impact of cooperation in meeting South Africa's development challenges is variable. First, with respect to the development of policy frameworks and an enabling environment, the process has been highly relevant and effective. In particular, Norwegian support in this regard in the fisheries and energy sectors has been excellent. Second, it would appear that the impact of Norwegian support on poverty reduction and job creation has been the least successful, largely because projects have been fragmented, *ad hoc* and poorly co-ordinated. Third, with respect to implementation and capacity building the record is mixed. This uneven picture of relevance and effectiveness is captured in the local government sector, where there are both successes (Demarcation Board, SALGA, Mbombela Municipality) and failures (Mpumalanga Province). Finally, the team can say little about the impact of civil society projects. The team limits itself to observations regarding a) the almost total absence of co-ordination and information sharing among the actors and between this sector and the government; and b) the fact that Norwegian support to this sector is characterised by a fragmented and uncoordinated approach.

### **3.2 Regional dimensions**

The review team finds that the regional dimension has been incorporated in nearly all the Norwegian government-to-government programmes. The Norwegian focus on regional issues appears to be welcomed and strongly supported by all South African government institutions involved. In most cases the regional projects are small and added on to existing domestic programmes. However, several, in the view of the team, are promising and can provide a basis for expansion and guidance of future assistance. Together with fisheries policy the support to the regional components of the regulators in energy and competition policy is a good illustration. There is also some potential in the environment sector. Currently there is one planned component focusing on the establishment of a Regional Centre for Environmental Information charged with producing regional state of the environment reports. The Centre is intended to be located outside South Africa. Another sector with important potential is higher education and research.

In some of the other sectors the team sees little potential for regional co-operation within the current aid programme. This applies in particular to housing and local government programmes where the South African capacity to make a contribution is limited at this stage. The existing institutions supported by Norway lack the capacity to engage in any meaningful way (with the exception of an institution like the Demarcation Board). This does not imply that South African resources in these sectors cannot be used for regional purposes or development initiatives in neighbouring states. The institutions that developed and implemented the major training programmes for the local councillors may also potentially assist in similar programmes in other countries, but the team doubts that either national bodies, or provincial and local authorities currently receiving assistance can play an important role here. Their capacity is not likely to extend beyond networking and information sharing.

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<sup>2</sup> The issue was raised at least once at a workshop initiated by the embassy in 1998. See *Interfund & Norwegian Embassy Sustainability Workshop Report*, Shumba Valley Lodge, 5-7 May 1998.

Probably the only government institutions with the required skills and capacity to make a difference in the local government area are the metropolitan councils.

Outside the government-to-government programmes the picture is more mixed, but generally the regional activities have been found to be few and limited beyond general “networking”. One example that stands out is the UWC’s Health Information System Programme (HISP) that successfully piloted a project in the Western Cape in 1995-98. HISP was in early 1999 adopted as a national model for primary health care information systems. It was later expanded to cover hospital services and is now being exported to a number of other SADC countries and elsewhere.

### ***Box 3.6: The Health Information System Programme (HISP)***

HISP was launched with Norwegian funding in 1995 as a joint effort between the Norwegian Computer Centre and UCT’s Department of Community Health and UWC’s School of Public Health. It seeks to gather, analyse and use routine health data to accelerate primary health care and to use the data to monitor and evaluate the impact of primary health care delivery on the status of health in South Africa. Norway ended its funding in 1998 but the project survived with separate research funding from the Norwegian university programme (NUFU) in South Africa. The project then attracted funding in a big way from USAID and the Department of Health (using EU-funding) for the national roll out in 1999-2003.

The software and approach developed by this project and piloted in the Western Cape is now adopted as the standard for monitoring primary health care and hospital services in all nine provinces. It has also been adopted for *inter alia* the monitoring of the National Tertiary Services Grant (R 4 billion per annum), the Hospital Revitalisation Project (approx. R 1 billion per annum), and HIV/AIDS data, and it is used as a basis for most health sector surveys.

With support from the National Department of Health and other donors it is currently being exported to a number of other countries in the region (Malawi, Mozambique and others) and beyond (Ghana, India, Cuba, Mongolia). There is still some funding from Norwegian sources (including the new research programme implemented through the National Research Foundation) for a small research component. The South Africa component of the project is implemented by UWC’s School of Public Health and the National Department of Health with support from the University of Oslo’s Department of Informatics.

The single biggest regional project funded by Norway is the “Training for Peace in Southern Africa” (TfP) programme. This has been implemented through a Norwegian research institute and two South African NGOs. Norway has invested considerable political prestige in this programme and has considered it to be an important component in its relations with South Africa.

The review team finds that TfP has made a number of important contributions, especially in building capacity in South Africa on peacekeeping issues. This capacity has in turn contributed to the development of South Africa’s own policy on peacekeeping. However, in a number of important aspects, TfP has been less successful in achieving its objectives.<sup>3</sup> The programme lacks strategic leadership and vision, there is insufficient co-operation and co-ordination between the implementing organisations, and it has failed in securing a regional ownership and participation in the project. Its training programme, the chief activity, has struggled to reach its target groups. It has been most effective when TfP staff have delivered lectures at established national and regional institutions. The emerging business plan for the 2002-2005 period, in the view of the team, fails to address these underlying problems. The team fears that the problems associated with the first period may deepen. In particular, the

<sup>3</sup> Some, but not all of the review team’s findings are supported by an earlier evaluation report, *The Project “Training for Peace in Southern Africa”*, Oslo: Ministry of Foreign Affairs 2000 (*Evaluation Report 3/2000*).



issue of bringing a regional partner into the project must be resolved. This involves not just finding somebody to organise training workshops, but it also crucially involves building regional capacity. The training must also be co-ordinated with other national and regional programmes, including other donor programmes in this area. This will, in most cases, imply that TFP staff in their training activities focus more on delivering lectures to other training programmes rather than on organising their own workshops. Finally, co-ordination and leadership must be improved which may also require a regional steering committee meeting frequently.

In summary, some important lessons and guidelines emerge from the review of the Norwegian-supported and South Africa-based regional projects. *Firstly*, it is important to emphasise that South Africa plays a crucial role in shaping the development of the region – because of the relative size of its economy, because of its skills and resources, and because of its role as a regional power. It is important for any donor engaged in supporting development in the region to ensure that linkages to South Africa are exploited wherever and whenever appropriate. This applies to the regional/continental level as well as to developments in individual countries.

*Secondly*, it is not sufficient just to fund a South African “regional activity”. To be effective and relevant for regional development, such activities will be enhanced and in most cases presuppose regional ownership or be supported by stakeholders outside South Africa. This will often require that substantial efforts must be put into capacity building both – depending on the activity – at the national and regional level. It also requires that regional priorities, as far as possible, guide the activity funded and it requires that such activity be closely co-ordinated with activities funded in individual countries. Furthermore, such co-operation may also potentially be of benefit in South Africa’s own development efforts in a number of areas. The Groundwater project is an obvious example of a project that would gain from learning from failures and successes in other SADC countries such as from the Norwegian-supported water programme in Zimbabwe.

*Thirdly*, regional (and continental) organisations are weak and too much should not be expected of their capacity to absorb major donor-funded programmes at present. SADC is in the midst of a demanding restructuring process and is not likely to be in a position to take a lead role in the short-to-medium term. SADC has, however, succeeded in developing policies through its protocols in a range of areas. It is important to ensure that supported regional activities are aligned with these policy guidelines.

*Finally*, it is expected that the challenges facing the region and the strong focus on political development and conflict management will require a need for short-term, flexible assistance and often also disbursements of small *ad hoc* grants.

### **3.3 Norwegian – South African co-operation**

The review team found that strong and good relations have been established between the two countries in a number of areas. Both sides consider the linkages to be of mutual benefit. Interaction is also increasingly taking place outside the framework of the development co-operation and not being facilitated by the Norwegian embassy in Pretoria or by the South African embassy in Oslo.

The co-operation is particularly strong in involving a broad range of institutions in higher education and research. The strongest manifestation of this is the joint research programme managed by the Research Council of Norway and the National Research Foundation in South Africa. It generated a particularly high number of joint applications as well as an interest in further collaboration between the two institutions managing the programme, and the model for co-operation used here may be replicated in other areas.

***Box 3.7: South African – Norwegian Programme for Research Co-operation***

Several Norwegian universities and research institutions established collaborative activities with South African universities in the first half of the 1990s. A special programme was also set up to facilitate co-operation with four historically disadvantaged universities – the University of the North, the University of Durban-Westville, the University of Fort Hare and the University of the Western Cape. Several projects were established focusing in particular on capacity building, staff development and joint research.

Following consultations with universities in both countries, NORAD and the South African Department of Education and the South African Department of Arts, Culture, Science and Technology (now the Department of Science and Technology, DST) decided to provide funding for a joint research programme to be managed by South Africa's National Research Foundation and the Research Council of Norway. Norway provided NOK 36 million and South Africa ZAR 5 million to this research programme. The programme only provides funding for joint research projects involving researchers from both countries. The programme emphasises the need to align projects with South Africa's development and institutional challenges in this field.

The programme announced its first call for proposals in 2002 and a second and final call is planned for 2003. The first call generated a high number of applications (86). The joint selection committee approved 28 projects in a wide variety of fields and disciplines.

Note should also be made of the growing number of Norwegians opting to take part of their tertiary education at South African institutions. In 2001-2002, 173 Norwegians were studying in South Africa. Of these 36 were taking a degree while the rest were taking shorter courses, typically spending one or two semesters in South Africa. This is a small number, but it is a large increase from close to zero in 1994-95. The figure should be expected to rise dramatically with the strong emphasis in Norway on the need for all students to undertake part of their studies abroad. Funding for this is provided through normal funding channels and outside the development aid programme. The number of South African students in Norway is fewer (34 in 2001) and is partly linked to the existing co-operating programme between Norwegian and South African universities and funded through various aid schemes.

In the other government-to-government programmes the strongest co-operation is to be found between the regulators, especially in electricity, in the fisheries sector as well as in some of the technical co-operation components in the local government programmes. Close co-operation has also been developed in the energy-sector. This has involved not just government departments and agencies, but also the private sector, including the state-owned oil companies in the two countries.

Within the environment programmes there is a particularly high number of Norwegian public institutions involved (cf. annex 1). The strongest co-operation involves GRID-Arendal and the Norwegian Meteorological Office, with high expectations placed on the new involvement of the Norwegian Pollution Control Authority.

Some of these sectors also reveal untapped potential for co-operation where South Africa could play a stronger role. One is the particular area of subsistence fisheries management

where there is no particular Norwegian expertise. There is ample local expertise available on the South African side. Co-operation in this area could represent a project where Norwegian institutions, researchers and consultants could learn from working with South Africans considering that subsistence fisheries are important in a number of countries where Norway is involved.

The strong cooperation in fisheries policy and with some of the regulators is also partly explained by the fact that Norway has a strong comparative advantage in these areas. Furthermore, the co-operation has been strategic and focused and it has involved several Norwegian institutions – government agencies, research institutions and consulting companies.

The Mmino programme with the National Arts Council also has a specific component to facilitate cultural exchange in the music field between Norway and South Africa. However, not much has been achieved here and it is likely that the potential may not have been fully exploited. This is partly due to start-up difficulties. This is now being addressed and new dedicated staff is in place to manage the programme. The review team also notes that there is strong interest in cultural exchange with South Africa from the Norwegian side, perhaps more so than the other way. Furthermore, there are many actors and institutions promoting and funding cultural exchange outside the Mmino/Norwegian Concert Institute-framework (also within NORAD and the Norwegian Foreign Ministry).

The review team also found that there are strong linkages between civil society organisations in Norway and South Africa. These linkages, however, are very uneven. They are strongest between some of the bigger organisations funded by Norwegian Church Aid and to some extent Norwegian People's Aid and less with SAIH. SAIH has channelled its funding through an intermediary in South Africa (Interfund). As a result they have had less direct contact with the projects funded compared to others although good linkages have been established with some of the projects. SAIH is now in the process of terminating its funding relations with Interfund in order to improve its direct links with the organisations and projects funded. The other Norwegian and single-purpose NGOs which partner only with one or two South African counterparts tend to have a closer working relationship compared to the three bigger NGOs.

The environmental sector is the one sector where there is very little co-operation between Norwegian and South African NGOs. Co-operation between NGOs in this area was specifically mentioned in the 1999 Declaration of Intent between Norway and South Africa. Two umbrella bodies – the Norwegian Forum for Environment and Development and the South African Environmental Justice Network – attempted to establish closer co-operation, but it came to an end when the South African NGO refused to access funds available from the environmental programme. As a matter of principle they do not wish to receive funding through DEAT.

The embassy's human rights programme also has the mandate to facilitate contact between Norwegian and South African institutions. The programme has been less successful in this respect. The only links established as a result of the programme appear to have been between the Institute task managing the programme in Oslo and some of the projects supported. The envisaged outputs from this co-operation have not materialised although new staff employed in 2002 may lead to some improvements.

The Foreign Ministry-funded Fredskorpset is now providing funds to enable the exchange of young staff and interns between Norwegian and South African organisations and also between other organisations in the South. The review team finds that this is emerging as an attractive option and that it would be useful if linked to proper capacity building efforts. Several South African and Norwegian organisations are now making use of this facility.

The review team finds that commercial interaction between the two countries is less than expected and that the potential for such interaction may not have been fully exploited. In particular, the team would have expected higher Norwegian investments and a larger trade volume. A small Matchmaking Programme is the chief mechanism for promoting the establishment of Norwegian companies. This programme has not been very successful and is making a negligible impact in South Africa in terms of job creation, black empowerment and skills transfer. It may make a modest contribution on the Norwegian side by stimulating small- and medium-sized Norwegian companies to internationalise and take an interest in the South African market. An early 1999 review found, however, that many of the companies would have established themselves in South Africa without the Matchmaking Programme.<sup>4</sup> Support schemes to this segment of the private sector should, however, also focus on what happens after the match and not end when the contact has been established. The lessons from the more successful Danish and Swedish programmes in this area are particularly relevant here.

However, the review team would suggest that much greater emphasis should be placed on mobilising the larger Norwegian companies to make investments in South Africa. This will potentially have a much greater impact on the South African economy and may also act as a locomotive for the small- and medium-sized companies in Norway.

The review team also notes that development co-operation has further consolidated the close political linkages established between the two countries (cf. Ch. 2). It has also assisted in establishing co-operation in other areas. This is perhaps most strongly evident in the environmental sector with the emerging co-operation around common interests in Antarctic and the South Atlantic. Both countries have common interests in research and management of resources in this area. Both have signed the Convention on the Conservation of Antarctic Marine Living Resources. There is increasing logistical cooperation in research (stimulated by small seed money from the aid programme) and both countries see the potential for joint research on climatic conditions, including linkages to Norwegian research in the Arctic.

Three important general lessons emerge from the team's review of the Norwegian-South African co-operation. The *first* is that although many of the institutions are strongly committed to continued co-operation, almost all such co-operation depends on some external funding to maintain it. On the Norwegian side this will in most cases imply the use of development funds with little funding available from other sources. On the South African side there may be a willingness to put up some funds to pay for Norwegian consultancy services in some highly specialised areas where co-operation has been established and where Norway is considered to have some advantages (e.g. within energy). There may also be willingness to put up some funds for continued co-operation in certain areas such as joint research. The South African counterpart funds available for this, however, are expected to be limited and not sufficient to cover all costs.

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<sup>4</sup> See the *Review of NORAD's ongoing Matchmaking Program in South Africa and Sri Lanka*, Copenhagen: Nordic Consulting Group, November 1999.

*Secondly*, it is also important to note that the quality of the Norwegian input (beyond the financial support) is uneven. Norwegian institutions may have strong skills and technical expertise in a number of areas, but the capacity to provide transfers of skills and know-how in a different context is limited and often confined to very few people in each institution. The review found that although most of the co-operation agreements entered into are judged to be relevant and of mutual benefit, some are also considered to have been less successful.

*Finally*, it is important to emphasise that institutional co-operation and the activities supported must not just benefit the parties involved. They must also be aligned with South Africa's overall priorities and development policies, and/or regional priorities. If they fail to do this they will not be sustainable in the long run.

### **3.4 Management of development co-operation**

Overall, the review team finds that the management of the aid programme is running smoothly with the annual consultations and the annual meetings at sector levels. However, the team did receive several complaints from South African government departments regarding changing reporting requirements and shifting goalposts from NORAD/the Embassy, especially in sectors where the programme is divided into several different projects.

The review team's main concern relates to donor co-ordination. The need for donor co-ordination is strongly emphasised in NORAD's policy. It is also echoed in South African priorities. The DCR evaluation concluded that donor co-ordination was insufficient and that the aid inflow to South Africa was not optimally managed. The findings from this review suggest that although co-ordination and sharing of information between various foreign donors can be improved, the main challenge in the Norwegian case is to achieve a much greater co-ordination between the different channels employed to disburse aid, and between the different sections and departments within both NORAD and the Foreign Ministry allocating funds to South Africa. This has the potential significantly to enhance the relevance and effectiveness of Norwegian aid. The Embassy in Pretoria, as the "front office" for Norwegian aid, must take the lead in this.

Secondly, the efforts to give a "regional dimension" to the various programmes suffer from the absence of a clearly formulated Norwegian strategy for regional assistance as well as mechanisms to implement such a strategy. The review team believes that certain changes are required to improve the effectiveness and relevance of Norwegian regional assistance. The final part of this chapter shall therefore review and discuss certain aspects of the Norwegian approach to regional co-operation.

#### ***3.4.1 Managing a regional approach***

Norway has a strong history of providing support and assistance to regional co-operation in Southern Africa. It has been a firm and major financial and political supporter of SADC since its establishment as SADCC in 1980. However, co-operation began to falter in the 1990s. Norway has continued to fund projects in certain areas, but the direct communication between Norway and the SADC Secretariat had almost faded away by the late 1990s.

Recognising the continued importance of regional co-operation NORAD in 2000 established a working group to formulate a strategy for Norwegian regional assistance to the SADC region. This led to the adoption of a set of guidelines in early 2001.<sup>5</sup> These guidelines defined a number of priority areas for Norwegian assistance; economic development; energy, environment and natural resource management; peace, human rights and democracy; social sector; and culture. Furthermore, the guidelines called for a more focused programme for assistance to SADC itself, including support for the restructuring of the organisation. To facilitate this it was also recommended to establish a new position, a counsellor, at the Norwegian embassy in Harare. The guidelines did not provide any specific recommendations regarding the relations between the country strategies and regional assistance. The role of the Harare-embassy was primarily confined to dealing with the SADC Secretariat.<sup>6</sup>

The status (at the time of writing) of the Norwegian regional co-operation is roughly as follows.<sup>7</sup> Norway has provided a flexible grant of NOK 10 million to the SADC Secretariat as a contribution to institutional restructuring of the institution (this made Norway the chief funder of the additional costs of restructuring). Beyond this it has largely been left to the individual Norwegian embassies to pursue regional co-operation under the overall co-ordination and direction from Oslo. The new position as counsellor at the embassy in Harare was not filled (in part because of the political situation in Zimbabwe). The embassy did therefore not have the capacity to play the regional role originally envisaged. The Harare embassy confined itself to maintaining the relations and task manage the allocation to the SADC Secretariat and the regional HIV/AIDS project. In addition it supported a few regional NGO projects such as the Media Institute of Southern Africa.

NORAD did deploy one regional advisor to the region. He was to advice and assist the Norwegian embassies on cultural matters. He is based at the embassy in Maputo. A number of projects to stimulate and strengthen regional co-operation in culture are supported, primarily revolving around the planned SADC cultural fund and support to some regional networks. Beyond this the embassy in Mozambique has limited regional activities. It plans to develop and expand regional projects, especially in energy. The same applies to the embassies in Angola, Zambia, Malawi and Tanzania. The regional components and projects are few and limited, but several envisage that the regional activities will expand. In addition there are a few regional projects (such as Training for Peace) which are task managed from Oslo. The overall policy is that programmes and activities supported as far as possible should be managed by the embassies in the region. Only activities taking place in SADC countries with no Norwegian embassy, or activities where Norwegian/European institutions have a strong role should be managed from Norway.

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<sup>5</sup> Cf. *Norwegian regional assistance to the SADC region. Report from the working group* (in Norwegian), Unpublished report, NORAD 2001, and *Guidelines for Norwegian Regional Assistance to Southern Africa, 28 February 2001* (in Norwegian), Unpublished, NORAD 2001. See also J. Isaksen & Elling N. Tjønneland, *Assessing the Restructuring of SADC – Positions, Policies and Progress*, Bergen: CMI 2001. This report, commissioned by NORAD, provides a more detailed presentation and discussion of the restructuring of SADC and Norwegian policies.

<sup>6</sup> With the closure of the Norwegian embassy in Gaborone the ambassador in Zimbabwe has been accredited to Botswana. The ambassador is also accredited to Mauritius. The Norwegian ambassador to Pretoria is accredited to Namibia, Lesotho and Swaziland.

<sup>7</sup> This information is based on an unpublished memo from NORAD's Department for Southern Africa dated 11 November 2002. It contains a summary from NORAD's workshop with the missions in Southern Africa on regional co-operation, held in Gaborone, 19 – 20 September 2002.

The embassy in Pretoria stands out with regional components in most government-to-government programmes (cf. 3.2 above). This reflects both the 1999 agreement between Norway and South Africa which emphasises regional objectives; South Africa's key role in the region; and the South African government's commitment to the region and political will to support the SADC project. These regional components may, as this review has shown, in many cases be small and often simply added on to domestic programmes. The review team has found that these regional activities, in most cases, are important with the potential to make important contributions to regional co-operation (cf. 3.2 above). However, progress depends on securing support and ownership also from other countries in the region and not simply to confine the activity to support aspects of South Africa's foreign policy. This is becoming increasingly important as SADC is attempting to shift its focus from project management and implementation to policy harmonisation, economic integration, conflict management and governance issues.

Most foreign aid donors concerned with how to assist and support regional co-operation are grappling with how to approach and manage such assistance. Some of the bigger aid donors have established a regional office with their own programmes and budget lines. USAID – with an office in Gaborone – has a substantial programme of support in trade, finance and investment, as well as for regional institutions and non-governmental organisations. The European Union also a regional office in Gaborone with a large programme focusing on regional integration and trade, and on transport and communications as well as a number of smaller projects. Additionally it sets aside a percentage (15) of its South Africa programme for regional activities.

Most donors do not have separately operated offices for their regional programmes, but have various regional programmes alongside their bilateral programmes. The most ambitious is probably represented by DFID. They have in 2002 developed a regional programme and plans to spend £7 million a year over the next three years. The overall objective is assistance to poverty reduction with a work programme addressing different dimensions - covering trade, conflict, water resources, HIV/AIDS, and food security. The assistance programme to the SACU countries – Botswana, Lesotho, Namibia, South Africa and Swaziland – will increasingly be focused to support initiatives that cover SACU as whole. The priorities for DFID's regional budget line will be set by a steering committee comprising the heads of all country offices in the region.

The review team will return to these issues in the concluding chapter.





## **4: Conclusions and recommendations**

The review team's overall assessments and conclusions have both positive and negative elements. In some areas the Norwegian contribution has been highly relevant and effective, in other areas it has been uneven and in some cases it has been a failure. Generally, however, it has been well aligned with South African priorities.

### **4.1: Achievements and future co-operation**

The team found that the greatest impact has been in some of the efforts to assist in developing new policies, planning institutional reform and the creation of an enabling environment. The outstanding achievements have been in the support to the evolving policy and legislative framework for fisheries, and in energy policy. The record is much more uneven in implementation and capacity building, but relevant and effective examples of Norwegian aid can be found, for example in support to the local government sector. The achievements have been less successful in the direct Norwegian support for poverty reduction and job creation.

Regional components are included in most programmes. The Norwegian focus on regional issues is welcomed and strongly supported by all government departments involved. This also reflects the political will and commitment of South Africa's government to regional development efforts and the SADC project. However, the regional programmes are generally small projects added on to bigger South Africa-focused programmes, although many are found to have potential for expansion. Outside the government-to-government framework the regional activities are, with a couple of important exceptions, limited to general networking

Achievements in building and strengthening regional co-operation also depend on securing support and ownership from other countries in the region. South Africa plays a crucial role in shaping the development of the region and this must be exploited wherever and whenever appropriate. The review team supports the Norwegian-funded regional projects, but argues

that more effort must be placed on pursuing regional objectives and projects also in the other countries in the region.

In most areas, co-operation has also been entered into between South African and Norwegian institutions. They have in nearly all cases been judged to be of mutual benefit although a few have been less successful in contributing to overall project objectives. Interaction between institutions in the two countries is also increasingly taking place outside the framework of development aid. However, the review team also found that although many of the institutions are strongly committed to continued co-operation, almost all such co-operation depends on some external funding to maintain it. In the Norwegian case this will in most cases imply the use of development funds with limited funding available from other sources. On the South African side there are some funds available for co-operation, but they are limited and not sufficient to cover all costs.

The review team also notes that the development programme has suffered from insufficient co-ordination. In the early part of the period (1995-98) the aid programme also suffered from a lack of focus. This has improved in the latter part with the approval of a number of government-to-government programmes. However, the programme still suffers from insufficient co-ordination between the different channels employed to disburse Norwegian aid, and between the different sections and departments allocating funds to South Africa within both NORAD and the Foreign Ministry.

The efforts to give a “regional dimension” to the various programmes also suffer from an insufficient Norwegian strategy for regional assistance. Certain changes in the current guidelines are required to increase the effectiveness and relevance of the Norwegian regional assistance, and the support for South Africa-led regional projects. This is becoming increasingly important as the focus for SADC and the regional project is shifting from project management and implementation to policy harmonisation, economic integration, conflict management and governance issues.

The current development co-operation programme comes to an end in 2004, ten years after the signing of the first Memorandum of Understanding. The last disbursements in the various programmes and projects reviewed are expected to be made in 2004 (some programmes are also scheduled to end earlier). The exception is in Housing where the agreement between NORAD and Cope/NBBL provides for funding also for 2005 and in the joint higher education research programme where the last disbursement will be made in 2005. In addition, funding outside the South Africa frame in the Norwegian regional grant, and disbursements from various global schemes, are not restricted by the 2004 limit. Chief among these are the allocations to some of the HIV/AIDS projects implemented through NGOs and the “Training for Peace in Southern Africa” programme. In addition, the facilities for staff exchange provided by Fredskorpset will continue. The investments from Norfund are also not affected by the ending of the current aid programme

Norwegian policy on future aid disbursements to South Africa should be assessed in relation to three overriding factors. One is the principle of concentrating aid on least developed and lower-middle income countries. Upper-middle income countries – of which South Africa is one – may also have severe poverty problems and face severe development challenges, but such countries would be expected to have sufficient financial and technical resources of their own to meet these challenges. Assistance to such countries should therefore primarily be of a

short-term and transitional nature. Such considerations motivated, for example, the Norwegian decisions to phase out development assistance to Botswana and Namibia.

A second important factor has been the expressed Norwegian wish to maintain, expand and strengthen its bilateral relations with South Africa. A third factor is the Norwegian commitment to assist in processes that enhance regional development in Southern Africa, facilitate prevention and management of conflict, and strengthen democratisation and protection of human rights. As a regional power, South Africa has a crucial role to play in these processes. Norway considers it important to assist South Africa in this role and to make use of South African resources and skills whenever and wherever appropriate in the Norwegian development co-operation programme, both with other countries in the region and in the support to regional and continental development efforts.

On the South Africa side the position is that development assistance is welcomed and should continue in the view of most individuals and institutions interviewed by the team. Development assistance is needed to continue to assist South Africa in meeting its development challenges, and because it can be used strategically in meeting these challenges. The National Treasury strongly emphasised to the review team that the level of the current Norwegian aid disbursement should be maintained after 2004. International support is still required, the structural inequalities are still entrenched, it has very high levels of HIV/AIDS, and funds available for development purposes, according to the Treasury, are limited. Furthermore, South Africa plays a pivotal role for growth and development in the region. South Africa's strong human and financial resources also enable South Africa to develop best practices with foreign donors, that could be applied in other countries.

The review team also noted that most foreign donors are planning to continue to provide development assistance to South Africa. Earlier emphasis on "transitional assistance" and talks of a "cut-off" date appears to be fading away. Among Scandinavian donors, Denmark has decided to continue while Sweden – at the time of writing – is in the process of defining its future co-operation.

On the basis of these factors and the weight of opinion expressed in extensive interviews with stakeholders in Norway and South Africa, the review team finds that a continuation of Norwegian development co-operation with South Africa beyond 2004 is justified. However, significant changes in scope and focus are recommended. The team proposes that the regional dimension be scaled up with support to regional development efforts being the key priority in co-operation. A separate budget line for regional co-operation and regional development purposes, hereafter referred to as the regional grant (RG), should be established to provide financial resources for a more systematic Norwegian effort to support regional development in Southern Africa. This presupposes the formulation of a regional strategy for the use of this grant (cf. section 4.3). The team also proposes that some aid to support development efforts inside South Africa be continued but at a lower level and with some changes. This support for domestic development in South Africa should be facilitated and funded through a new development co-operation programme (DCP) between South Africa and Norway. A new MoU or Declaration of Intent should be drawn up to guide the continued development co-operation with South Africa.

**RECOMMENDATION 1:**

Development co-operation beyond 2004 should continue. Support to regional development efforts should be scaled up while support to development efforts inside South Africa should continue at a lower level and with some changes in scope and focus.

These recommendations are outlined in the following sections. First, the principles and recommendations for regional support are presented. The following and more extensive section makes recommendations relating to the current bilateral and institutional co-operation. Key areas for future support and collaborative efforts are identified as a basis for providing recommendations related to expanding regional components funded from the RG and the scope and focus of continued assistance and co-operation funded through a new DCP. In some cases collaborative activities which can reside outside an aid programme are also identified. The final section addresses the management of future bilateral co-operation and regional support and provides guidelines and recommendations for changes.

## **4.2: Supporting regional development**

“Support to regional development” involves many dimensions. It includes support to regional organisations such as SADC and its associated structures, but also to other regional collaborative efforts in the Southern African region, such as those pursued at the sector level. It includes support to co-operation between two or more countries in Southern Africa such as the development corridor between South Africa and Maputo or cross-border national parks. Furthermore, it includes support to individual countries in the region in order to strengthen their capacity to benefit from and/or contribute to regional co-operation. Finally, it includes support to continental organisations and initiatives such as the African Union and Nepad which impact on developments in Southern Africa.

In all of these efforts South Africa has an important and sometimes crucial role to play both as contributor to regional development and as a country benefiting from improved co-operation. Furthermore, South Africa’s political leaders and government institutions also have the political will and commitment to play a role facilitating growth and development in Southern Africa and beyond.

The team proposes a number of guidelines for support to regional development and how South Africa’s role can be facilitated.

Firstly, it must be emphasised that such support programmes must not be confined simply to supporting a regional activity proposed by a South African institution. It must crucially also involve support for this activity at the other end so that joint ownership of the activity is ensured. Cognisance must be taken of the regional apprehensions and sensitivities to the dominant position of South Africa.

Secondly, in most programmes there will have to be strong emphasis on capacity building and institutional development.

Thirdly, regional institutions are weak and their capacities to facilitate regional harmonisation of policies and to implement programmes are consequently also weak. This applies also to SADC, which is in the midst of a demanding institutional reform process that hampers its efficiency in the short-to-medium term. Regional organisations and SADC in particular, however, have developed policies and programmes of action in a number of fields and supported regional programmes must be clearly aligned with these, and, moreover, assist in the further development of such policies.

Fourthly, security, stability and good governance are key preconditions for a successful deepening of regional development. This must also be a priority area in Norwegian regional support, especially support focusing on SADC and the African Union/Nepad.

Fifthly, Norwegian institutions and expertise can often have an important role in regional support programmes. It is also important to ensure that a Norwegian resource base with relevant skills and knowledge is maintained. However, the capacity of most Norwegian institutions for working in a different context and for playing a constructive role in capacity building, skills and policy development is limited. The use of Norwegian institutions in regional support programmes will in most cases also have to be limited. Norwegian resources should be used where appropriate, but great care should be taken to avoid this being perceived as a new form of tied aid.

#### RECOMMENDATIONS 2

- 1: Regional support projects must not be confined to supporting South African activities; regional ownership must be facilitated and ensured and cognisance taken of the sensitivities to the dominant position of South Africa;
- 2: Strong emphasis must be put on capacity building and institutional development in all regional support programmes;
- 3: Regional support programmes must be aligned with policies and guidelines developed by regional organisations and assist in the further development of such policies;
- 4: Support to security, stability and good governance must be a priority area in Norwegian support to regional development, especially in relation to SADC and the African Union/Nepad; and
- 5: The Norwegian resource base should be used in regional support programmes where appropriate.

### **4.3: Future regional and bilateral programmes**

This section provides the review team's general and specific recommendations relating to the main components in the current co-operation programme. For each component the team identifies possible projects which could be scaled up and funded from a regional grant (RG) and projects which should receive continued funding through a new bilateral development co-operation programme (DCP). In some components the team has also suggested new areas or programmes where Norwegian support could play a constructive role. An attempt has also been made to identify important areas of future or expanded bilateral co-operation, which can be implemented outside the aid framework.

#### ***4.3.1 Conflict management, democratisation and human rights***

This area will remain important in future regional support programmes as well as in continued support to South Africa. One major focus at the regional level will be how to assist regional organisations to develop policies, operational guidelines and effective institutions to improve capacities for conflict management, support democratisation and promote respect for human rights. The important departure points in this area are the draft strategic plan for the SADC Organ on Politics, Defence and Security Co-operation and its structures, as well as the efforts to restructure AU's conflict resolution structures and Nepad's peer review mechanism. Progress has been made but we are still far from agreement and adoption of principles and policies. Translation into implementation and politics is even further away.

Strategic interventions in this field are demanding and difficult. They involve political dialogue and the capacity to respond to windows of opportunity with swift and flexible

assistance, and the ability to identify and to provide assistance to strategic projects. NORAD/the Norwegian Foreign Ministry should also consider commissioning one or more quick studies that can assist in identifying areas and avenues for strategic assistance.

RECOMMENDATION 3:

Assistance to regional organisations in developing operational policies and implementation capacity in conflict management and good governance should be a key priority. Consideration should be given to commissioning studies to assist in the identification of projects.

The Training for Peace in Southern Africa project (TfP) is a major regional programme and has been considered by Norway to be one of its flagship projects in the region. In financial terms it is also currently the largest regional project funded by Norway (in addition to a HIV/AIDS project). The review team therefore decided to analyse this programme at some length.

The review team found that TfP has been less successful in achieving its stated objectives and suffers from several weaknesses. In view of these findings and the guidelines for regional support outlined above, the team recommends several steps in order to improve the relevance and effectiveness of this programme. This is particularly important in view of the recent decision to extend the programme with a major increase in the budget. Six recommendations are made.

First, the TfP must ensure that there is a stronger regional ownership of the project and that it is not just confined to two South African private institutions. This involves more than searching for an organisation outside South Africa that can host training workshops. It will also involve building capacity among new partners (in the same way as TfP in the early days helped build capacity within ISS and Accord). It also involves establishing working relations with regional inter-governmental organisations in this field. In addition to SARPCCO, it is also crucial to involve the SADC Secretariat (those responsible for the special programmes and the Organ), the Organ substructures (especially those involved in policy development and in the technical committees responsible for the co-ordination of training). Links must also be established with the SADC Parliamentary Forum (if TfP wants to pursue its plans of providing training to parliamentarians). Furthermore, TfP must also establish working relationships with national authorities, both with those involved in policy development as well as with those involved in organising training.

Second, the team recommends that much more effort must go into securing the quality and relevance of the training offered through the programme. Organising *ad hoc* workshops for a disparate group of participants has limited relevance for capacity building. The suggested strategy will entail giving far more attention to targeting participants. It is also suggested that TfP should consider scaling down and ending the organisation of separate TfP training courses and instead focus its attention on delivering lectures and modules through existing national and regional programmes. The courses for police officers currently provided under the auspices of SARPCCO have also struggled to reach the target group. Consideration should be given to focusing the training on police officers already selected for deployment in peace support missions. Other training to the police could be delivered through existing national police training and education programmes.

Third, the current focus on establishing a database of those trained should take account of the fact that most of those receiving training on these issues in the region are being trained by others, and outside the framework of TfP. The relevance of a database must also be

considered carefully. This includes examining the lessons from the reportedly not-entirely-successful establishment of another and similar Norwegian-initiated database, the Bulawayo-based Southern African Resource Bank for Democracy and Human Rights. Crucially, the relevance of such a database depends on establishing good working relations with national and regional authorities.

Fourth, TFP must also carefully co-ordinate its activities with what other donors and institutions are doing in this field. TFP is a small, although potentially important actor in the training business. Among the other Norwegian-supported NGOs in South Africa mention should be made of the Centre for Conflict Resolution, which this year provided training in conflict management to 100 police officers in Lesotho and has been requested by the authorities to train another 400 (this particular training component is funded by other donors). In particular, co-ordination must be ensured with the various Danish-supported training programmes in this field. Chief among these have been the Harare-based SADC Regional Peacekeeping Training Centre (RPTC) and the Johannesburg-coordinated Southern African Defence and Security Management Network (SADSEM). These programmes have in the past provided a forum for TFP lecturers. RPTC, in particular, helped ensure that TFP was able to deliver on several of its key outputs. In the new project phase, and with the current *de facto* closure of RPTC, SADSEM will most likely play a similar role – depending on the extent to which it is prepared to invite resource persons from TFP. This suggests a need for a division of labour and clarification of roles between the two projects. They have fairly similar objectives and are supported by two neighbouring and likeminded donor countries. Consideration should also be given to the possibility of letting SADSEM (or one of its components) become a new regional partner. SADSEM is strong where TFP is weak: regional ownership and partners in several SADC countries, good relations with regional and national authorities, an established training programme, and a solid track record in building capacity in the region. TFP on its side has some particular skills in peacekeeping which can make an important contribution to SADSEM.

Fifth, the programme has suffered from a lack of strategic leadership and vision. The current leadership structure is top-heavy, based in Oslo and assisted by an equally top-heavy international advisory board. Communication with the implementing agencies on the ground has been poor and strategic leadership has not been forthcoming. Combined with the lack of co-operation between the implementing agencies, this is a major explanation for the poor performance of TFP. It is strongly recommended that a project management group or steering committee be established. It should be based in the region and be composed of all the implementing agencies, including NUPI, and possibly representatives from key regional institutions/SADC bodies, SARPCCO, etc. It should meet frequently (say 2-4 times a year in addition to the annual meeting). It is simply not possible to implement a programme of this nature without bringing the various implementing agencies together in a body that can make decisions on the day-to-day management and provide the required leadership. The incorporation of new partners adds an urgency to this recommendation. If the relations between the implementing organisations are such that a steering committee cannot be established, it is recommended that the TFP be dissolved as a programme and that the Norwegian Embassy instead negotiates separate project documents or business plans with each of the institutions implementing TFP.

Finally, the team notes that the draft project document for the second phase proposes an evaluation at the end of the project period. In view of the findings and recommendations above, the team recommends that TFP consider commissioning an early and independent mid-term review to be carried out not later than the end of 2003.

RECOMMENDATION 4:

- 1: TfP must secure the participation of organisations outside South Africa and establish working relationships with appropriate regional organisations and national authorities;
- 2: TfP should focus its training activities on delivering lectures and modules at existing national and regional training programmes. The training of police officers should be shifted to target those already selected for deployment;
- 3: TfP must carefully assess how to ensure the relevance before it embarks upon the establishment of a database;
- 4: TfP must co-ordinate activities with other similar programmes. In particular, consideration must be given to possible co-operation with SADSEM, alternatively a division of labour. This includes an assessment of the possibility of inviting SADSEM to become a partner in TfP;
- 5: TfP must establish a regionally based steering committee or project management group. If this cannot be achieved, an alternative option is to dissolve TfP and instead develop separate business plans between the Embassy and each of the implementing organisations; and
- 6: TfP should carry out an early mid-term review at the end of the first year of phase two to assess achievements and recommend possible changes.

Current support to democratisation in South Africa mainly takes the shape of support to civil society. This will be further discussed in section 4.2.9 on civil society. The review team recommends that more attention be paid to state institutions. The Embassy should consider the possibility of developing a programmatic approach to South African statutory bodies (or at least some of them) established to protect the new democracy (the so-called Chapter 9 institutions and others). Such institutions have a vital role to play in the future consolidation of the South African democracy. It is also important for Norway to establish closer links with these institutions. Current Norwegian involvement is limited. It includes a small grant from the Embassy to the Human Rights Commission. There is also a bigger research project between Norwegian researchers and researchers in South Africa and other African countries on the role of Courts and Truth Commissions in transitions and reconstruction (a component of this involving CMI in Norway and the Centre for Applied Legal Studies in South Africa also secured funding from the joint research programme).

Some of these institutions may also have an important role to play in a regional context and in future regional support programmes. The possibility of establishing a small programme focusing on components of their work to assist in making them more effective, including assessments of partnerships with NGOs and the role of private watchdog-bodies, should be explored in early 2003. This should also include their possible role in the development of new policies and institutions under the SADC Organ and the African Union. Any activities supported could be funded from the Embassy's human rights programme, which should focus on these issues for the remainder of the current development aid period. Support beyond 2004 could be allocated from the new DCP. Regional components could be funded from the RG.

RECOMMENDATION 5:

The embassy should explore the possibility of establishing a programme focusing on support to public watchdog committees and other commissions established to protect the new democracy and commission a study to identify possible areas and channels of support. This should also include an assessment of their role in regional support programmes. Activities could be funded from the current human rights programme while activities beyond 2004 could be funded from the regional grant and/or the new development co-operation grant depending upon projects supported.



### ***4.3.2 Economic growth and private sector development***

Norwegian efforts through DTI to stimulate SMMEs have been less successful but some of the subsequent efforts to assist in improving the framework conditions for growth and development have been more successful. The small support to the establishment of the Competition Commission and the Commission's efforts to facilitate a regional association of commission authorities stands out. The Competition Commission has an important role in helping to develop similar institutions in the region. Competition authorities are important institutions in the implementation of the SADC trade protocol. Continued Norwegian support to the Commission should be linked to a stronger Norwegian focus on these issues at the regional level and in other SADC countries. Funds to the Commission should be allocated from the RG. The Competition Authority in Norway could play a modest role in assisting these processes.

The greatest potential for expanding and broadening Norwegian support in this area may lie in supporting other regional regulators that have a potentially crucial role to play in improving the framework for regional growth and development. Many regulators have been established, e.g., under the auspices of the SADC Transport and Communication Commission, and are guided by appropriate SADC protocols. They include railways, roads, civil aviation and telecommunications amongst others. South African regulators are members of these and have the potential to play an important role, which could be facilitated by a regional support programme. Likewise, some of the Norwegian regulators in this field can play a role where appropriate. (Cf. also the recommendations in 4.2.3 related to the energy regulators.)

#### **RECOMMENDATION 6:**

Support to the Competition Commission in South Africa may be allocated from a regional grant and linked to a Norwegian support programme for assistance to improving competition policy in Southern Africa.

The support programmes to stimulating private sector co-operation and skills transfer (the Matchmaking Programme and others) between the two countries have not been successful in the view of the team. It is suggested that the focus be shifted to efforts to stimulate investment from the bigger Norwegian companies. This is expected to have a much greater impact on the South African economy, it may provide stimulation also to small- and medium-sized Norwegian companies, and it will have a greater impact on commercial co-operation between the two countries. Closer co-operation with South Africa may also alert Norwegian companies to investment and trade opportunities in the sub-region. These efforts should largely be funded outside the aid budget.

The Norwegian Government Petroleum Fund has made some major investments in new emerging markets. South Africa had not yet qualified for such investments according to the technical criteria developed by the Central Bank of Norway. South Africa may qualify now. Investment from this Fund has the potential to play an important role in stimulating Norwegian-South African economic relations and – because of the sheer size of such investments – it would also be an important source of foreign investment in South Africa. A decision will eventually be made by the Central Bank. Norfund, on the other hand – the government's new mechanism to provide investment in private enterprises in the South – has already made several investments in South Africa. Norfund expects that South Africa will play an important role in Norfund's operations on the Continent.

#### **RECOMMENDATION 7:**

- 1: The support programme for commercial co-operation between the two countries should shift towards a stronger focus on trade and investment opportunities for bigger companies and less on small and medium-sized Norwegian companies. This should largely be funded outside the aid budget;
- 2: The Norwegian Government Petroleum Fund is encouraged to consider the possibility of investing in South Africa; and
- 3: Norfund is encouraged to continue to invest and expand its operations in South Africa.

### 4.3.3 Energy

Norwegian support, including the assistance from NPD and the NVE, has played an important role in supporting the evolving policy and legislative framework for the petroleum and electricity sub-sectors. These processes will not be completed by 2004. Given the particular challenges involved in untangling, liberalising and re-regulating these sectors and the strategic role of Norwegian assistance, it is recommended that the assistance to the DME be continued after 2004 and funded from the new DCP. The scope and focus of future assistance will depend on the achievements and challenges at the end of the current project phases. This may also be broadened to include other areas in those sub-sectors where Norway is considered to have particular skills and can make a strategic input. Such areas may be assistance in the establishment of a new national regulator for the entire energy sector or in health and safety policies for the petroleum sector. Another area may be the Norwegian experiences in assisting small- and medium-sized companies supplying inputs to the petroleum sector. These lessons are highly relevant in South African efforts to promote black empowerment in this sector.

The support to the NER from the bilateral grant may end with the expiry of the current project phase but may continue from a regional grant linked to a Norwegian strategy for assistance to the electricity sector. Within a Norwegian strategy for support to regional development in the energy sector there is also considerable scope for support to other aspects of electricity. There is also potential in the petroleum sector where regional co-operation has experienced greater problems due to weak SADC structures and some disagreements between Angola and South Africa. Most progress in regional co-operation has been achieved through bilateral co-operation between South Africa and individual SADC countries. Potential areas for co-operation include procurement, oil refinery, fuel specifications, fiscal treatment and natural gas. Within petroleum in particular, Norway may potentially play an important role through its close relations to the main stakeholders in the petroleum sector both in South Africa and Angola, the two key regional players, and in other SADC countries (Mozambique and Namibia). Norway should carry out a comprehensive study of the energy sector in the region with a view to identifying current and future areas and programmes for regional support. SADC's Energy Activity Plan 2000-2005 will be an important point of departure.<sup>8</sup>

#### RECOMMENDATION 8:

- 1: The support to DME should continue after 2004 with funding from the new development co-operation agreement. The scope and focus should be decided at the end of the current project phases. This may also include broadening the assistance to new areas;
- 2: Support to NER should come from a regional grant and be linked to a Norwegian strategy for regional support in this sector; and
- 3: Norway should carry out a comprehensive study of the energy sector, including petroleum, with a view to identifying current and future areas and programmes for regional support.

<sup>8</sup> Cf. also J. Isaksen (ed.): *Energy Cooperation in Southern Africa: What role for Norway? Report from the Seminar on Regional Energy Co-operation, Luanda, 12-14 February 2002*, Bergen: Chr. Michelsen Institute 2002 (Working Paper No 4, 2002)

#### ***4.3.4 Higher education and research***

The high number of applications to the joint research programme managed by NRF and RCN indicates a strong interest in the two countries in co-operation. Such co-operative activities depend on external funding and the main proportion will have to come from a Norwegian aid grant. The team recommends that funding be allocated from the DCP to secure a continuation. It is expected that South Africa will be in a position to increase significantly its contribution to the joint programme. The two implementing agencies should also explore the prospects of securing contributions from “normal” research funds for the programme and/or specific projects supported under the programme.

Funding for most components under the SANTED programme should come to an end with the completion of the current project phase. Funding for the project component providing for targeted interventions to assist in the Department of Education’s restructuring of higher education institutions could, if required, be increased in the current project phase. Depending on the Department’s needs and the achievements reached, and considering the importance of maintaining close bilateral relations with this Department, continued funding for specific interventions in this area could also be provided from the new DCP.

South Africa’s research and tertiary education sector have a particularly important role to play in relation to the tertiary sector in the SADC region and in the further implementation and operationalisation of the SADC protocol. It should also play an important role in any Norwegian regional support programme to this sector. NORAD should commission a study in 2003 to provide recommendations for a Norwegian support programme, including the use of South African institutions and the role of SADC and its technical committee on higher education. This may lead to funding made available from the RG also for specific projects managed through South Africa. Lessons learnt from the current regional component in the SANTED programme emphasising institutional development, the DST/NRF approach focusing on funding joint regional research projects, the aborted Norwegian embassy-supported initiative to promote regional co-operation in veterinary medicine as well as the NUFU programme and other NORAD-funded support to universities in the region, should be studied carefully.

The current efforts to encourage Norwegian students to study in South Africa should continue. With improved marketing and processing of applications, the stronger South African universities and technikons may be able to attract a large number of Norwegian students. South Africa is probably the only developing country that can attract Norwegian students in large numbers. In the long run this may also be used to cross-subsidise South African students, enabling them to spend time at a Norwegian university. This may play a very important role also in strengthening bilateral relations between the two countries. Norwegians studying abroad are fully funded outside the aid budget.

#### **RECOMMENDATION 9:**

- 1: Norway should provide funding for a continuation of the joint research programme through the new development co-operation programme;
- 2: Norway should, if required, expand its current financial support to the Department of Education and its targeted interventions to facilitate institutional restructuring in the higher education sector. Continued funding can be allocated from the new development co-operation programme;
- 3: A study should be undertaken to assist in the formulation of a Norwegian support programme for tertiary education in the SADC countries, including the role of South Africa, in such a programme; and
- 4: The current efforts to encourage Norwegians to study in South Africa should continue. This is

funded outside the aid framework.

#### *4.3.5 Fisheries, water supply and the environment*

The focus in the fisheries sector has been on assisting in development of new policies and a legislative framework, research on stock assessment, and the strengthening of scientific capacity. The current project phase expands this to include support to the development of a mariculture sector and assistance to subsistence fisheries. The team finds that much of this support can be ended in 2004. A main challenge for the sector remains implementation of the new policy, including – at a more general level – improving “good governance”. The team recommends that support beyond 2004 from the new DCP be focused on assistance to implementation related to subsistence fisheries and poor fishing communities.

Support for continued research on stock assessments in the Benguela Current, including the Benefit programme may be allocated from the RG.

Support to the fisheries sector may be expanded, but this must be tied to a regional strategy for support to the fisheries sector. South Africa has an important role to play in regional policies. Norwegian policies for assistance must be guided by and aligned with the SADC protocol on fisheries.

It is recommended that possible new areas for assistance (in addition to marine research and the Benguela Current activities) under a regional strategy should consider focusing more on community-based natural resource management and inland waters. These are critical issues for the development of the region and for the region’s many land-locked countries, and they are also issues where close co-operation with South Africa is beneficial and important for all parties. There is however, limited interest in focusing on such issues, especially inland fisheries, in bilateral Norwegian-South African relations, but it may be pursued at the regional level. On community-based resource management there are several applied research and consulting activities in the region which involve co-operation between South African and Norwegian researchers (mainly from the Agricultural University, CMI and the University of Tromsø). Two of the projects are funded from the development programme with South Africa – one through the Embassy’s human rights programme and the other through the joint research programme. Co-operation related to subsistence fisheries management is also an area where local expertise in South Africa may help strengthen the Norwegian resource base.

##### RECOMMENDATION 10:

- 1: Support for the fisheries sector from the new development co-operation programme should focus on implementation related to subsistence fisheries and poor fishing communities;
- 2: Support for joint activities related to the Benguela Current should be funded from the regional grant; and
- 3: Expanded regional assistance to the fisheries sector must be guided by a regional strategy aligned with the SADC protocol on fisheries.

The support for rural water supply through the groundwater project should end with the current project period. The team does not propose a continuation through a new DCP. The subproject within the groundwater project analysing rural water supply schemes in Southern Africa has not been implemented. The review team concurs with the recommendation from

the recent review of this project and recommends that a study based on best practices in the region be undertaken. It should lead to a standard auditing tool applicable across the SADC region. This should be funded through the present aid co-operation with South Africa. Such a tool may also be a useful input in the planning of a possible Norwegian strategy for assistance to rural water supply in the region.

Support to rural water supply may also be selected as an area for focused Norwegian assistance to regional development. Here, Norway may draw upon the lessons and experiences from the project supported in South Africa as well as the experiences from other Norwegian-supported water supply projects in the region. South African skills and resources, particularly at the technical level, have an important role to play in the implementation of such a strategy.

**RECOMMENDATION 11:**

- 1: The project in the groundwater programme on identifying best practices from rural water supply schemes in Southern Africa should be implemented in the current project phase; and
- 2: Norway should consider developing a strategy and guidelines for regional support to rural water supply schemes.

Support for many of the environmental projects should end with the current project period. The team recommends that the brief for the planned joint review, scheduled for early 2003, include an assessment of the extent to which any of the current projects should receive funding beyond 2004.

Subject to findings from the forthcoming review, the team suggests that the support for the establishment of a regional centre for environmental information, including the production of “state of the environment reports”, be continued with funding from the RG. It is also suggested that the project on reducing pollution and waste management be continued. The project is still in its infancy, but assuming successful progress in the remaining project period, Norwegian assistance to the further development of policies, legislative frameworks and especially enforcement mechanisms may continue with funding from the new DCP. Finally, the continued co-operation between the meteorological services on weather and climatic change may be facilitated with a small grant from the RG.

**RECOMMENDATION 12:**

- 1: The planned joint review of the environmental programme should provide recommendations relating to funding beyond 2004;
- 2: The support for the establishment of a regional centre for environmental information should continue with funding from the regional grant;
- 3: Support to the development of South Africa’s competence and capacity to manage pollution and waste may continue with funding from the new development co-operation programme; and
- 4: Some funding from the regional grant may be provided for co-operation in the meteorological field.

There is currently a strong interest in the two countries for expanding co-operation in the Antarctic and South Atlantic, including also co-operation linked to Norwegian research facilities and projects in Norway and Svalbard. The team encourages this but also recommends that the main funding for this should come from the normal funding channels for co-operation in the Antarctic and outside the aid framework. Smaller components, linked to specific activities such as scientific capacity building in South Africa, could be funded from the new DCP.

**RECOMMENDATION 13:**

- Funding for co-operation between the two countries in the South Atlantic and the Antarctic should in

the main be provided for outside the aid framework.

#### ***4.3.6 Local government***

The team also recommends that some funds from the new DCP be made available for continued support to the local government sector. Specific projects will have to await the achievements and lessons learned from the second phase of the current programme. At the general level, assistance should be focused on building capacity for implementation, including the support for SALGA. The support provided by KS is considered to be very relevant, but its resources and expertise may not have fully utilised in the first phase.

It is also recommended that future support be very focused on one or two areas. One such area may be the capacity of the municipalities to operate in the liberalised and restructured electricity market.

The scope for regional support is limited beyond modest funding for networking and information sharing. However, there is considerable scope for using South African resources such as the Demarcation Board (including its links with the Norwegian Mapping Authority) in support of activities in individual countries. This could be funded from individual country programmes or – if a regional support programme in this area is developed – from a regional grant.

#### **RECOMMENDATION 14:**

- 1: Some support for local government should continue with funding from the new development co-operation programme. Focus and scope depends on achievements and lessons learnt from the second phase of the programme;
- 2: Future support must focus on capacity building and be restricted to one or two areas/projects; and
- 3: Specific regional programmes should not be funded at this stage although South African skills and resources should be utilised in individual countries where appropriate.

#### ***4.3.7 Housing***

The team recommends that support for the co-operative housing model should end with the current development programme. Nor is it recommended that a regional programme be developed.

However, it is important to ensure that the Cope Housing Association becomes financially sustainable. According to its own plans it will be sustainable from 2007-2008. The team finds that more effort should be devoted to securing funding from domestic sources (including the prospects of funding through the Development Bank). If sufficient funds are not secured by 2005 it is recommended that additional funds be made available from the new DCP.

The team expects that the collaboration between Cope and NBBL may be able to continue through the facilities for staff exchange provided by the Norwegian Fredskorpset.

#### **RECOMMENDATION 15:**

- 1: Support for the housing sector should not continue beyond 2004. Nor should priority at this stage be given to develop a regional strategy based on the co-operative model;

- 2: If required, some additional funds should be made available from the new development co-operation programme to ensure that Cope becomes sustainable; and
- 3: Support for co-operation between Cope and NBBL should be provided through the Norwegian Fredskorpset.

#### **4.3.8 Culture**

The team is reluctant to make firm recommendations relating to this area. The current Mmino-programme is small, there is ample funding for these activities from South African sources, and it had a difficult start. Cultural exchange between the two countries is funded from many other sources. At the same time, culture is very important in building relations between two countries and South Africa's cultural institutions and facilities are very important in a regional context. It is also important for Norway to maintain links with an institution like the National Arts Council. Some funding may therefore still be allocated from the new DCP. This may take the form of an extension of the Mmino-programme, but it could also additionally focus on other areas. One such area is writing. Writing and publishing has been a major area for Norwegian assistance to culture in other countries in the region (such as the Bookfair in Zimbabwe), but has not featured significantly in the co-operation with South Africa which has a particularly strong publishing industry (but weak writers' organisations!). It is also important that continued Norwegian support to cultural projects inside South Africa be closely co-ordinated with the Norwegian-supported regional culture programmes and projects.

#### **RECOMMENDATION 16:**

Norway should offer continued support to the National Arts Council under the new development co-operation programme with a focus on cultural co-operation. This may include a continuation of the Mmino, but may also include other dimensions such as literature. Norwegian support to culture inside South Africa and for cultural co-operation with Norway should be closely co-ordinated with the regional support to culture.

#### **4.3.9 Civil society**

Norwegian support to the civil society sector is substantial, but very little is known about its relevance and impact. The team's first recommendation is therefore that the Embassy should commission a study to be completed preferably before mid-2003 to evaluate the impact of this support, especially in relation to community development and poverty reduction, and to assess the sustainability of the organisations supported. This study must build on experiences and lessons from similar studies currently being undertaken or recently completed by a number of international foundations. In particular, close attention must be paid to the recently launched new evaluation of foreign donor support to civil society and poverty reduction. This major evaluation – to be completed next year - will be carried out under the auspices of the National Development Agency (NDA), the South African Grantmakers' Association, and the Centre for the Study of Civil Society at the University of Natal.

Such a study will also help to bring out lessons learnt and best practices, which may be of assistance both to the South African government and in donor support to improve implementation capacities for poverty reduction.

Secondly, the review team recommends that the Norwegian Embassy explore the possibility of providing assistance to the NDA to help it become more effective in disbursing grants to civil society. This should include the possibility of using intermediaries (such as the

Norwegian-supported Interfund or SCAT) to channel assistance. Norway may offer funds for piloting such programmes.

Thirdly, some transitional funds for civil society support should be available from the new DCP. (In addition, some NGOs would be expected to secure funding from NORAD's global allocation for civil support). Guidelines for funding under the new DCP should be developed following the study above, but in general the Embassy must play a stronger role in ensuring the relevance and effectiveness of this support. Funding should also be made available from the proposed RG, but then only to selected priority areas for regional support. The team also expects that the facilities available through the Fredskorpset may be used actively to facilitate co-operation between South African and Norwegian civil society organisations, including also South-South co-operation with organisations in the region.

Norway has decided to channel support for HIV/AIDS projects through NGOs (and multilateral organisations). The team has not been in a position to assess the relevance and effectiveness of this assistance. The team notes that the main proportion of the funds is channelled through a regional NGO now based in South Africa (the support is managed from the Norwegian Embassy in Harare). Funding is distributed to projects in a variety of countries, but with a significant share going to South Africa. This appears as a good model and illustrates how a regional allocation can be managed in support of regional development. The challenge is to ensure that the other NGO-activities supported in this area are co-ordinated with what is supported through the regional programme. It is also recommended that the data and information from the Health Information Systems Programme be used more actively in planning and monitoring Norwegian assistance to HIV/AIDS-projects.

**RECOMMENDATION 17:**

- 1: The Embassy should commission a study evaluating the relevance and effectiveness of the Norwegian support to civil society;
- 2: The Embassy should explore the possibility of assisting the NDA in becoming more effective in disbursing grants;
- 3: Some transitional funds for assistance to civil society should be made available through the new development co-operation agreement. Guidelines for this should be developed;
- 4: Funding for civil society from the regional grant should only be made available to prioritised areas;
- 5: Fredskorpset should be used to promote co-operation between civil society organisations in Norway and South Africa, and between civil society organisations in the SADC region; and
- 5: Future assistance to HIV/AIDS projects through NGOs should be co-ordinated with the main regional project supported by NORAD, and data from the HISP project used in planning and monitoring assistance in this area.

#### **4.4: Managing future bilateral co-operation and regional support**

A main challenge for Norwegian aid to South Africa has been to improve co-ordination between the different channels used to disburse aid. The review team also recommends changes in the management of regional support programmes. The proposed establishment of a separate budget line, a regional grant (RG), for funding of support programmes for regional development requires certain changes in Norwegian aid strategy. It implies an ability to develop and implement programmes across borders, and to decide that certain regional projects shall also be pursued by Norwegian embassies in individual countries. This may impact upon current priorities and strategies pursued in individual countries. Country



strategies will to a greater extent have to take account of priorities pursued at the regional level. There are some negative implications – in some cases it may weaken the country approach and the principle of recipient responsibility since there are no strong regional authorities that can legitimately negotiate such programmes on behalf of countries in the region. On the other hand, the team believes that such measures are required if Norway shall succeed in developing effective special programmes for regional support and respond to the opportunities and challenges opened up by closer co-operation with a regional power.

The establishment of a regional grant also carries operational implications. It requires regional advisors that can assist in developing and managing prioritised regional programmes such as conflict management and democratisation, higher education or energy. Currently, NORAD has one regional advisor (on culture) based in Maputo but with a more restricted mandate than envisaged here.

These regional advisors will in most cases have to be based in the region with South Africa being the preferred location for most programmes. These advisors will spend a considerable part of their time travelling in the region providing assistance to Norwegian embassies and support to project management. In addition, it is important to maintain close links with the SADC Secretariat in Gaborone. This is currently the responsibility of the embassy in Harare, which is accredited to Gaborone. This could be further facilitated by the location of a counsellor to that embassy with special responsibility for liaison with SADC and the overall co-ordination of regional programmes. The priorities of the regional budget line, or the regional grant, may also be guided by a steering committee comprising representatives from each of the Norwegian embassies in the region (Angola, Malawi, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe).

The Norwegian Embassy in Pretoria will have to play a key role in assisting a regional support programme. The annual consultations on the development co-operation programme should also be a forum for bilateral consultations on regional issues and the use of the regional grant. This should also be part of the agenda for annual aid consultations in other countries in the region.

The South African embassy in Oslo plays a limited role in regular consultations between Norway and South Africa. With the bilateral co-operation moving beyond pure development assistance, the teams find it important that mechanisms and procedures be found to ensure a stronger role for the embassy.

Some other countries have established special institutes or centres outside the embassies to promote co-operation with South Africa. A special “Norway house” or “institute” can also be found in some other countries. The team has not considered this option and is reluctant to make any recommendations. The embassy may consider the feasibility of establishing such an institution. There are several arguments for and against. Success seems crucially to depend on the ability to establish good working relations with a wide variety of stakeholders in both countries. This in turn is very dependent upon the role of the governing board and quality of the staff.

**RECOMMENDATION 18:**

- 1: Norway must adopt a regional strategy enabling the implementation of a policy for support to regional development and the allocation from a special regional budget line;
- 2: Norway is encouraged to deploy a counsellor and regional programme advisors to manage relations with SADC and the regional support programmes;

- 3: Regional issues and the use of the special regional budget line should be discussed at annual consultations between Norway and its partner countries in Southern Africa; and
- 4: The South African embassy in Oslo should be given a stronger role in the consultations and co-operation between the two countries.

## ***Annexes***



## **1: Overview of Norwegian Development Aid to South Africa 1995 - 2001**

Total Norwegian disbursement of aid to South Africa in the 1995-2001 period amounted to about NOK 945 million (cf. Table 2.1. in Ch. 2). This annex provides a more detailed breakdown of the distribution of Norwegian aid according to sectors and areas. Each subsection in this annex begins with a Table showing the distribution of aid to the main recipients/areas. This is followed by a brief outline of the specific project and/or programme objectives and the main activities supported. Any significant changes or shifts in policies in the period are also identified.

The source for this data has been the list of activities and disbursements for the period as provided by NORAD's office for statistics. The classification of activities into the categories and sectors is also based on the original NORAD classification, but with some modification and correction of errors.

### **Democracy, Good Governance and Human Rights**

*Table A1  
Democracy, Good Governance and Human Rights: Distribution of Norwegian support (1995-2001)*

<i>Recipients/Channels</i>		<i>Disbursements (NOK 1000)</i>	<i>Totals (percent)</i>
<i>Channelled through Norwegian NGOs</i>	Norwegian Church Aid	81 833	72.9
	Norwegian People's Aid*	75 679	
	Norwegian Student's and Academics International Assistance Fund (SAIH)	56 601	
	Norwegian NGOs (unspecified)**	16 179	
	Union of Education	2 951	
	Norwegian Council for Africa	1 652	
	<i>Subtotal</i>	234 895	
<i>Supported through the Norwegian embassy</i>	Institute for Democracy in South Africa	17 829	
	Institute for Justice and Reconciliation	5 495	
	Human Rights Institute of South Africa	5 341	
	Constitutional Assembly	5 000	
	Truth and Reconciliation Commission/SABC	4 392	
	Electoral Institute of Southern Africa	3 496	
	Centre for Conflict Resolution	3 000	

	Programme for Land and Agrarian Studies/UWC	2 926	
	Centre for Applied Legal Studies, University of the Witwatersrand	2 500	
	South African Broadcasting Corporation/Justice for All	2 000	
	Other embassy projects supported through the Norwegian Institute of Human Rights	6 178	
	<i>Subtotal</i>	58 157	18.1
European Parliamentarians for Southern Africa (AWEPA)		9 500	3.0
Miscellaneous		19 720	6.1
<i>Total</i>		322272	100.1

\* This also includes some projects channelled through the Norwegian Confederation of Trade Unions

\*\* A 1995 grant distributed to several Norwegian NGOs.

Support to the consolidation of the new democracy was a major justification for Norwegian assistance to South Africa. This has manifested itself in significant financial support to South African non-governmental and community-based organisations. Much of this – over 70% - has been channelled through Norwegian NGOs, but a significant share is also direct support from the embassy to South African NGOs. The bulk of the official government-to-government assistance for democratisation has, however, been manifested in various programmes and projects supporting institutional and policy reform (e.g. within energy), and in establishing new democratic institutions (e.g. local government) and is classified under the various sectors presented below. Some of the funds channelled through Norwegian NGOs and classified as democracy-support, especially in the early period (1995-98) are mainly support for community development projects and would more appropriately be classified as belonging to one of the other main sectors.

The lion's share of the funds is channelled through three Norwegian NGOs. They are the Norwegian Church Aid (NCA), the relief and development agency linked to the Norwegian Church, the Norwegian People's Aid (NPA) linked to the labour movement, and the Norwegian Students and Academics International Assistance Fund (SAIH). There is considerable overlap in the objectives and activities they support although each has a distinct profile. A common feature in the current projects is the emphasis on strengthening civil society through building the capacity of organisations, supporting political democratisation, community projects and HIV/AIDS. NCA also has a strong emphasis on theology and support to South African churches. NPA has traditionally had close links to the ANC and many of its post-1994 projects have been development projects linked to returning ANC-exiles. SAIH has traditionally had a strong focus on education and training projects and university-based activities.

In the latter half of the period these organisations began a process of consolidating and reducing the number of partners. A full list of the organisations currently supported is provided in annex 2. SAIH, which manages their project support through the Johannesburg-based Interfund (which they helped establish in 1986), is focusing on three areas: enterprise education; education in art and culture; and HIV/AIDS. Most of their current portfolio is therefore also classified as belonging to one of the sectors below. Their current NORAD-supported budget is about NOK 5.5 million in addition to a separate annual budget of NOK 3 million for HIV/AIDS projects provided by grants from Norwegian high school students (Operation Day's Work).

NPA is now concentrating its work in three provinces; KwaZulu-Natal, Limpopo and Gauteng and focuses on three areas; skills training, community development, and human rights/violence/HIV-AIDS. Its project office in South Africa was recently closed down. Its budget has been reduced from around NOK 20 million in 1995 to about 7 million this year. Outside its South African programme there has also been co-operation with South African NGOs on NPA's extensive work on landmines.

NCA has 15-20 partners but two are dominant; the South African Council of Churches and the Cape Town-based Social Change Assistance Trust (SCAT). SCAT channels funds to mainly rural community-based projects in the Western, Northern and Eastern Cape. The focus for much of NCA's work is awareness raising and resource mobilisation (especially linked to rural development and economic justice), mobilisation for moral action (promoting democracy and human rights, support to Christian churches), health and education (especially HIV/AIDS), and conflict management and reconciliation. NCA has a regional field office located in Gaborone.

These three NGOs have been operating in South Africa for a long time. Since 1994 they have been joined by a number of more single-purpose Norwegian NGOs concentrating on supporting and partnering one or two similar South African NGOs. This is a varied group ranging from organisations like the Red Cross to the Field Band Association (many of these projects are not listed in this section but are classified in one of the sectors below).

Some of these organisations, especially the bigger ones, have a regional dimension to their work. The regional activities are, however, limited and few. It is most developed with NCA which *inter alia* supports a network of Councils of Churches. Many of the bigger Norwegian organisations tend to emphasise the potentially important role South African organisations can play in the region and for Norwegian-supported projects in other countries.

The co-operation between the Norwegian and South African NGOs beyond the financial transfers is uneven and limited. There is some exchange of staff (interns) through facilities opened up by the Norwegian Fredskorpset (see annex 2) and some technical assistance (especially through some of the new single-purpose NGOs) combined with mutual visits. Within the churches and the trade unions there are strong political dialogue and close links at the leadership level. In the case of Cosatu and the Norwegian Confederation of Trade Unions the political relations and dialogue have continued since the ending of Norwegian financial support in 1996 (a planned phasing out of foreign donor support was initiated by Cosatu in 1993).

The direct support from the Norwegian embassy has gone to a variety of projects. This has included support to high-profile state institutions; such as the Constitutional Assembly and the TRC. Nearly all funding has been channelled to a small number of national NGOs (many linked to universities, and many supported through Norwegian NGOs in the past) combined with support to a number of smaller *ad hoc* activities. Recently, smaller CBOs have also received funding through this channel. Funding has been provided for a wide variety of purposes – from specific activities to general core funding. The biggest recipient is IDASA, which has received funding since it was established. A major part of their allocation is due to support for the purchase of two major buildings, in Cape Town and Pretoria, housing Idasa's two offices.

Since 1998, the bulk of the embassy's support to specific human rights and democratisation purposes has been channelled through the Norwegian Institute of Human Rights, which acts as a task manager for the embassy. It has been decided to improve the coherence of the programme and the intention is to focus more on the promotion of a rights-based approach to development.

Regional co-operation and co-operation between Norwegian and South African institutions are emphasised but the activities supported to pursue this are limited. Some of the NGOs supported have some regional programmes and projects (one example: IDASA has been commissioned by the Norwegian embassies and other donors in Lusaka and Harare to assist in capacity building and organisational strengthening of NGOs in Zambia and Zimbabwe).

## Peace and Security

Table A2  
*Peace and Security: Distribution of Norwegian support (1995 – 2001)*

<i>Recipients/Area</i>	<i>Disbursements (NOK 1000)</i>
Training for Peace in Southern Africa*	18 743
Institute for Security Studies**	1 942
Landmines, small arms destruction	1 647
Miscellaneous	3 420
<i>Total</i>	25 752

\* The figure covers the 1995-2001 period. An additional NOK 40 million has been budgeted for the 2002-2005 period. Funding is allocated from NORAD's regional grant and outside the country allocation to South Africa.

\*\* Funding outside the framework of Training for Peace.

Peace and security have been a high profile area in both agreements and in political consultations between Norway and South Africa. The Norwegian activities have primarily attempted to assist in building South African

capacity to take part in international peace missions and to play a constructive role in conflict prevention and conflict management on the African continent. A particular concern has been the country's role in Southern Africa and SADC and more recently also the African Union and Nepad.

The main project has been the Norwegian-initiated Training for Peace in Southern Africa, a joint effort by the Norwegian Institute of International Affairs and two South African NGOs, the Institute for Security Studies and Accord, to provide training in Southern Africa for participation in peacekeeping operations and peace support missions, and to contribute to evolving policies in South and Southern Africa in this area. Facilities were available to send Norwegian trainers and instructors to these training courses and to make seats available at Norwegian and Nordic training courses for participants from the SADC region.

The programme was extended in 2002 for another four-year period (ending 2005). The funds are allocated outside the country frame for South Africa. NOK 40 million is budgeted for the four-year period. This includes funding for a fourth partner in the region and outside South Africa (yet to be identified), and the establishment of a database of trained personnel. The focus for the training will be on the police and civilians and less on the military, compared to the training in the previous period.

A number of policy-focused research projects have also been supported, mainly through the Institute for Security Studies, although others, such as the Centre for Conflict Resolution, have also received some funding for specific activities. Four new projects were launched with ISS in 2002 (one on organised crime and corruption in the SADC region, one on money laundering in SADC and two on anti-terrorism – one related to SADC and one related to the AU Secretariat).

Norway has also provided some funding to the South African Police Service for a “destruction of small arms” project. In 2002 Norway contributed USD 1 million to the Department of Defence in assistance to South Africa's peacekeeping operation in Burundi (the protection force). A grant was also made in 2002 to the South African Institute of International Affairs to fund a project to monitor SADC and its activities.

Related projects on foreign policy and international relations can also be found in the various other sectors (support to research projects, participation in international conferences, foreign policy consultations, etc).

## Human Resource Development and Research

Table A3

*Human resource development and research: Distribution of Norwegian support (1995-2001)\**

<i>Recipients</i>	<i>Disbursement (NOK 1000)</i>
Co-operation with Norwegian universities/NUFU	50 210
Distributed via Norwegian NGOs	26 086
Department of Education**	24 601
Open Learning System Education Trust (OLSET)	22 300
University of the Western Cape	20 394
UNICEF girls' education	12 720
Co-operation between University of the Western Cape and the Chr. Michelsen Institute	8 735
Institute for the Advancement of Journalism	4 727
African Gender Institute, University of Cape Town	3 150
Miscellaneous	4 254
<i>Total</i>	177 177

\* The main new agreement on the South African-Norwegian programme for research co-operation is not included as disbursements only began in 2002.

\*\* This includes NOK10 million in 1997 for the construction of school buildings in Mpumalanga



The support to this sector was to a large extent, a continuation of activities and projects started before 1994. This applies to the Norwegian universities, the direct support to UWC, and to much of the support channelled through Norwegian NGOs. The specific objectives varied. Norwegian universities and CMI mostly focused on capacity building/staff development and joint research projects. The Norwegian universities originally concentrated their activities on four historically disadvantaged universities, UWC, UDW, Fort Hare and University of the North, but in the latter part of the period this has been expanded to include an additional number of both historically advantaged and disadvantaged institutions. The Norwegian NGOs, mainly SAIH and NPA, channelled funds to a variety of projects, much of it linked to continuing education and skills development, together with a variety of projects to link university students to community work. In the early/mid-1990s significant funding was also channelled through these Norwegian NGOs, especially SAIH, to national NGOs and institutions active in policy development.

The direct support to the University of the Western Cape goes back to the early 1990s and is mainly linked to bursary funds, teacher training and support to the construction of a School of Government Building on the Campus.

The assistance from the Norwegian state has (beyond the support to UWC and the funding of a Gender Institute at the University of Cape Town) mainly been concerned with improving primary education and has pursued this through a UNICEF programme to support girls' education, a school building programme in Mpumalanga (Norway later withdrew from this project because of insufficient implementation) and a major pilot project to improve education in English in primary schools. The project was run by an NGO, The Open Learning Systems Education Trust (OLSET). Funding to OLSET began in 1995 and ended in 2001 (DFID then replaced Norway as the chief donor to the project).

In 1999 NORAD/the embassy initiated a process which culminated in two bigger programmes with South African national authorities. They both focused on higher education and research and emphasised co-operation with Norwegian higher education/research institutions. The first agreement, the *South African Norwegian Tertiary Education Programmes* (SANTED) was signed with the Department of Education in 2000. Norway provided NOK 54 million for four components; academic support programmes at two historically disadvantaged universities (UWC and UDW); a fund to facilitate co-operation between South African higher education institutions and similar institutions in Southern Africa; a fund to facilitate capacity building and restructuring of higher education institutions; and a joint research project between a Norwegian research milieu and research institutions at UWC and UDW aimed at undertaking a formative or process evaluation of academic support programmes and institutional restructuring.

In late 2001 the embassy also signed a programme with the Department of Education and the Department of Arts, Culture, Science and Technology (now the Department of Science and Technology). NOK 30 million was provided for a *South African–Norwegian Programme for Research Co-operation* managed jointly by South Africa's National Research Foundation and the Research Council of Norway. The programme provides funding for joint projects, but also emphasises the need to align this with South Africa's development and institutional challenges in this field. South Africa provides an additional ZAR 5 million to this programme.

The emphasis on co-operation between Norway and South Africa has been particularly strong in the higher education/research area. It was also specifically mentioned in the 1999 Agreement on Development Co-operation. The regional dimension has also been emphasised, especially in Norwegian planning documents, but specific activities and projects implemented to pursue this objective have been limited, although there is a small component within the SANTED programme to facilitate co-operation between South African higher education institutions and similar institutions in the SADC region.

The embassy has also supported an initiative to develop a joint Masters programme between the veterinary faculties at the University of Pretoria and several universities in other SADC countries. The project was aborted in 2002 when the universities failed to agree on the location of the secretariat.

It must also be emphasised that significant funding for human resource development and educational projects is being channelled through Norwegian NGOs. The single biggest of these is the Durban-based Khupuka Step supported through NPA. It focuses on skills development in the informal sector and the construction industry. The support for the 1994–2000 period was over NOK 20 million with over 3 million budgeted for the 2001–2003 period. (In Table A1 the pre-1998 support is in the democracy and governance category.)

## Local Government

Table A4  
Local government: Distribution of Norwegian support (1995-2001)

<i>Recipients</i>	<i>Disbursement (NOK 1000)</i>
Department of Provincial and Local Government	44 594
Support to local elections (1995)	8 500
Miscellaneous	5 107
<i>Total</i>	58 201

Support to the local government sector has been primarily to support the transformation process in South Africa and the consolidation of the new democracy. Norway identified the local government sector as an important area for Norwegian development assistance. A first fact-finding mission from NORAD visited the country in 1995. This report provided the basis for subsequent support. The support has also involved co-operation between Norwegian and South African institutions, particularly between the Norwegian Association of Local Authorities (KS) and its counterpart, the South African Local Government Association (SALGA), as well as between the Norwegian Mapping Authority (NMA) and the Demarcation Board, and between KS and the Mbombela Municipal Council on the one hand, and the City of Oslo and the Mbombela Council on the other.

During the period under review, development assistance was provided to four institutions: the national government, specifically the Department of Provincial and Local Government (DPLG); the provincial government in Mpumalanga; the municipality of Nelspruit (later expanded into the Mbombela Municipality); and SALGA.

Between 1995 and 1997 support in this sector consisted of assistance for the local elections and for the White Paper process. Since 1998, DPLG has had responsibility for four projects as well as responsibility for the co-ordination of the entire support programme for local government.

The DPLG projects were: Project Viability – training in financial management for councillors and senior officials of municipalities in which more than 6000 municipal officers and more than 700 councillors in 240 municipalities were trained; Traditional Leaders, where support was given to research on their actual role; the Municipal Demarcation Board, where technical assistance was provided primarily to set up IT systems and GIS; and training in Performance Management Systems, of which not much has taken place.

In Mpumalanga Province, development assistance was provided for the strengthening of the provincial administration training unit; and for capacity building for the Mpumalanga branch of SALGA (LOGAM).

With respect to the Mbombela Council, development assistance had two components: institutional cooperation between Mbombela Local Municipality (MLM), the City of Oslo and KS; and technical and financial assistance to strengthen capacity building and training of officials and councillors of the MLM. This support initially started with the Nelspruit City Council and continued when this was expanded into Mbombela.

SALGA was responsible for four projects in the first phase agreement signed in 1998: the Core Councillors' Training Programme (CCTP); Labour Relations; Gender; and development of a media and communications strategy, including also preparation for the possible establishment of a SALGA business unit.

In the CCTP, SALGA implemented a crash 4-day programme intended to train all new councillors within 90 days of taking office. A network of current and past councillors was developed to deliver the training. Over 7000 councillors were reached through this programme.

In the Labour Relations project, support was provided in the following areas: wages and statistics; development of training material in labour relations; training of members of the Labour Relations Committee; best practice case studies; and an analysis of existing conditions of service, with the aim of rationalising the system and implementing a new uniform conditions of employment policy.

The Gender Project consisted of two components: organisation of baseline research as part of the development of a SALGA gender policy; and capacity building for municipal gender committees. Finally, a website was launched, a communication strategy drafted, and a feasibility study completed assessing the proposed establishment of a business unit.

The business plan for the second phase (2002-2004) provides for NOK 45 million through the DPLG. In the main, several of the above projects will continue. The projects include support to DPLG, SALGA, the Demarcation Board, the Mpumalanga Province and to Mbombela and other municipalities, in addition to a regional component. The main component is support to SALGA. It provides funding for the restructuring of SALGA and for policy and advocacy work, especially related to community participation. In all of these components KS has provided advice and some technical assistance (in addition to the financial support) and it is envisaged that the co-operation will be expanded in the second phase.

For the DPLG itself some of the minor projects (performance management, traditional leaders and disaster management) will be completed in phase 1 and not continue. More emphasis will be put on contributing to capacity building and strengthening the Department, including technical assistance from KS. It is envisaged that the co-operation between NMA and the Demarcation Board will be expanded in the second phase.

There were no regional components in this sector in the first phase although a regional seminar organised by SALGA was supported under the programme. The small regional component in the second phase mainly revolves around research, regional conferences and identification of needs.

Outside this framework, NORAD, through KS, is also providing a small grant to facilitate co-operation (twinning) between the Thembisile Local Council in Mpumalanga and the Vest-Agder County in Norway.

## Housing

*Table A5  
Housing: Distribution of Norwegian support (1995-2001)*

<i>Recipients</i>	<i>Disbursement (NOK 1000)</i>
Housing Co-operative Programme	27 939
Housing Sector Guarantee Fund	15 000
Department of Housing/Social Housing Fund*	180
Miscellaneous	329
<i>Total</i>	43 448

\*Disbursements are expected to begin in 2002

Support to the housing sector has been primarily to support the transformation process in South Africa with assistance to alleviate the serious housing shortage. Development assistance has contributed also to the co-operation between a Norwegian and a South African NGO, namely the Norwegian Federation of Co-operative Housing Associations (NBBL) and a South African NGO, the COPE Housing Association.

NORAD has supported three housing projects: the Housing Co-operative Programme (HCP); the Department of Housing/Social Housing Fund; and the Housing Sector Guarantee Fund.

During the 1994 visit to Norway, a request was made by South Africa's new Minister for Reconstruction and Development, for assistance in exploring the relevance of the Norwegian model of co-operative housing in South Africa. This was pursued by NBBL in co-operation with a South African NGO, COPE, working on inner-city development in Johannesburg. Subsequently, NBBL and COPE entered into an agreement on a four-year development cooperation programme (1997-2001). This co-operation has been extended for a further four years.

In 1997, NOK 16.6 million was provided to establish the HCP. By 2001, actual disbursements totaled nearly NOK 28 million. The overall objective of the programme is to develop a cooperative housing model for low- and lower-middle income groups. The pilot project was centred in Johannesburg's urban sprawl. By the end of the four-year period (September 2001), 700 dwellings were inhabited in seven housing companies, of which three

were formally registered as cooperatives and the rest as Section 21 companies. A further 300 dwellings are in the pipeline.

In 2001, NOK 9 million was tentatively committed to the Department of Housing's Social Housing Fund for the period 2002-2004. These funds have been made available to examine the possibility of extending the cooperative housing model to other South African cities. A draft project document/business plan is ready and is expected to be finalised in the second half of 2002.

In 1997, NOK 15 million was provided to create a Housing Sector Guarantee Fund, HSGF, to be implemented through the National Urban Reconstruction and Housing Agency. The aim of the project is to facilitate access to housing credit amongst those South Africans who have the means to make regular repayments, but who are currently considered "unbankable" by the financial institutions. This objective would be met through the establishment of a housing institution retail guarantee fund, the establishment of a guarantee fund to support savings linked housing credit schemes, and the establishment of a guarantee fund to extend existing retail programmes.

The purpose of these guarantee funds would be to share risk with institutions developing innovative ways of extending credit to families not presently considered eligible for such credit. The intention has been that guarantees for initiatives such as these would be for a maximum period of five years.

There are no regional components in this sector.

## Economic Growth and Private Sector Development

Table A6

*Economic growth and private sector development: Distribution of Norwegian support (1995-2001)*

<i>Recipients/area</i>	<i>Disbursements (NOK 1000)</i>
Department of Trade and Industry	47 984
Norwegian companies	45 691
Norwegian NGOs*	6 211
Norwegian Trade Council/Matchmaking Programme	4 366
Miscellaneous	2 085
<i>Total</i>	106 337

\*Mainly a micro-credit scheme supported by Norwegian People's Aid and two management projects supported by the Norwegian Confederation of Business and Industry.

With respect to this sector the main focus has been the Department of Trade and Industry (DTI) with early support to policy and institutional reform to facilitate small, medium and micro-enterprises (SMMEs) combined with provision of funds for disbursements to entrepreneurs in this area. Unspent allocations from 1997 were allocated to a number of other DTI-supported projects. Another major component has been various efforts to stimulate commercial co-operation between Norway and South Africa.

Between 1995 and 2001 almost NOK 48 million was disbursed to DTI for SMME support (out of a total commitment of nearly 57 million). The goal of this programme was to contribute to the development of the small-, medium- and micro-enterprise sector in South Africa through building new appropriate institutions and transforming the old in order to create wealth and reduce poverty through increasing employment opportunities. The purpose was to increase substantially SMMEs' access to finance, including in particular SMMEs run by women entrepreneurs and entrepreneurs in rural areas; to unbundle and restructure the Small Business Development Corporation (SBDC) and other development corporations to fit into the new institutional framework; and to prepare a sector-oriented programme for knowledge and technology transfer and economic cooperation with Norway that benefits SMMEs in South Africa.

Support was provided largely to Khula Enterprise Finance, which had been in operation as a support institution for the small business sector for some twenty months before the Norwegian assistance programme commenced.

Norwegian support embraced financing consultancy services, support for partial self-financing of capital investment and upskilling and training in managing credit facilities for small-scale and micro-industries.

The knowledge and skills transfer component was later handed over to a bigger Danish project with DTI.

The last transfer to the SMME project was made in 1997. Since then unspent funds (nearly NOK 20 million) have been reallocated to a number of other projects. This has included the newly established Competition Commission (in 1999). This support took the form of mainly financial assistance to establish the infrastructure of the Commission but also some technical support from the counterpart institution in Norway, the Competition Authority. Part of the funds was also used to organise regional workshops to explore the prospects for co-operation in competition policy in Southern Africa. Funds were also reallocated in the same year for a new Business Referral and Information Network, the BRAIN programme.

Some funds were later also allocated for the restructuring of DTI.

Finally, some funds were allocated to conduct a study of how to improve business registration. This was done by a Norwegian company (the Norwegian Registers Development) on behalf of DTI, the South African Revenue Service, the Department of Labour and Statistics South Africa.

NORAD has provided support using its traditional facilities to stimulate commercial interaction between South African and Norwegian companies. The support has been provided through the Norwegian partner and includes support for feasibility studies, loans and guarantees, support for investment in basic infrastructure, support for training, equity investment guarantee and subsidised loans for equity participation. However, few companies have made use of these facilities. The dominant allocation here is a loan of NOK 30 million to the major pulp & paper company Borregaard (such loans are classified as a disbursement until they have been paid back). A smaller loan was also given to the company P4 Radio. Cf. also the discussion in Ch. 2 of Norwegian trade with and investment in South Africa.

The Matchmaking Programme (MMP) was launched in conjunction with DTI, with the intention of establishing joint ventures between Norwegian and South African companies which in turn is expected to foster skills transfer and employment generating opportunities in South Africa. The main target group is small- and medium-sized companies. The programme has not specifically targeted new black empowerment companies. The programme comes to an end in 2002 but a one-year extension is expected. The programme provides for a partner identification search, travel support, support for a feasibility study and support with the establishment of a match. With the recent abolition of the other facilities for stimulating Norwegian commercial co-operation with countries in the South, matchmaking is now the chief NORAD instrument to achieve this.

The Matchmaking Programme is managed by the Norwegian Trade Council in South Africa. Since its inception, the programme had by mid-2002 received 120 Norwegian profiles, which had generated a total response profile of 266 from South African companies. Of these profiles, the programme has 20 partnerships or matches in various stages of establishment.

The MMP also receives profiles from South African companies who are in turn attempting to locate suitable Norwegian partners. To date, the programme has processed a total of ten profiles from South African small- and medium-sized enterprises, which are presently in the partner identification stage of the programme.

Among activities supported through NGOs, the chief involvement has been the Norwegian Confederation of Commerce and Industry. Their projects have been training programmes for female leadership and management of farm workers through Business South Africa/Agri South Africa. In addition a number of the Norwegian NGOs has several training/human resource development projects targeting the unemployed and informal sector. The biggest here is Khupuka Step in Durban, which has received NOK 20 million (through NPA) in the 1994-2000 period. (Many of these projects are classified under human resource development and research or democracy sectors.)

Norfund, the Norwegian Investment Fund for Developing Countries, is another channel for assistance. It is a flexible fund established by the Norwegian Ministry of Foreign Affairs. It provides risk capital and expertise for the establishment of profitable commercial enterprises in Africa, Asia, Latin America and the Balkans. No links with Norwegian companies are implied. Norfund commenced operations in 1998. The Norwegian State supplies all capital and the government appoints the board of directors. Its current capital base is about NOK 1.5 billion. Norfund has three projects in South Africa. The Fund has invested in two local investment funds. ZAR 40

million is invested in Horizon TechVentures which invests in mainly small technology projects and projects starting up, in the range of 1 to 20 million Rand. Other investors include the South African Industrial Development Corporation. ZAR 12 million is invested in Msele Venture Fund established by the Msele black empowerment group and a division of Nedbank, a major local banking group, to target small and medium enterprises with an above average earning potential. Norfund has also bought 4% of the shares in African Management Service Company in South Africa, a company originally established by UNDP and the International Finance Corporation, to offer competence building programmes for small- and medium-sized enterprises in Africa. Management recruitment and “on the job training” are the main activities. Norfund plans to facilitate the secondment of its own employees to Africa through this company.

All Norfund projects are outside the Norwegian aid programme with South Africa and are not included in the table above or statistics on aid disbursement to South Africa.

## Energy

*Table A7  
Energy: Distribution of Norwegian support (1995-2001)*

<i>Recipient/area</i>	<i>Disbursement (NOK 1000)</i>
Department of Minerals and Energy	24 731
Energy policy, research and capacity building *	4 200
Miscellaneous	763
<i>Total</i>	29 694

\*This includes NOK 1.5 million for capacity building in relation to Parliament’s committee on energy and NOK 2.7 million to the Energy Development Research Centre at the University of Cape Town, and to the Minerals and Energy Policy Centre in Johannesburg. All were disbursed in the 1995-1997 period.

A Memorandum of Understanding on Norwegian support to the energy sector was signed in October 1994. This provided for a NOK 30 million grant to Eskom in support of electrification of rural schools and clinics. The MoU also provided for support to policy research and assistance to Parliament’s committee on energy. (The disbursement to Eskom was made in 1994 and is not included in the Table above.) This grant paved the way for major programmes within the sub-sectors of petroleum and electricity. They were signed with the Department of Minerals and Energy (DME) with the disbursements being initiated in 1999. The bulk of the activities have focused on policy research, institutional reform and capacity building, and the creation of an enabling environment.

The South African Petroleum Policy Research and Capacity Development Project feeds into the South African government’s efforts to establish a new regulatory regime for the petroleum sector. The Energy and Development Research Centre (EDRC) of the UCT, assisted by the Minerals and Energy Policy Centre, was contracted to implement the project on behalf of the DME in the first phase (which ended in early 2002). In the second phase, the Central Energy Fund (CEF) is the implementing agency.

The objectives of the project include analysing the consequences of liberalising the sub-sector, preparing the ground for new legislation, undertaking policy analyses in various sub-fields, gathering information relevant to the petroleum sub-sector, as well as and primarily building competence and training staff.

The electricity area has two main components. One is an electricity capacity building programme with the DME. This includes support to staff training, and advisory support to the Minister.

The other component is support to the development of the National Electricity Regulator (NER) as a fully-fledged institution, capable of regulating the electricity supply industry, including Eskom as the dominant actor. The activities include analyses of various segments of the electricity market: generation; long-distance, high-voltage transmission; and retail distribution to customers. Studies have been made of future electricity demand, including the projection of various scenarios to serve as a benchmark for NER regulatory functions and of international tariff structures and pricing of cross-country transmission through grids owned by Eskom or other producers of electricity.

Regional objectives are emphasised in all programmes, but the activities have so far been limited. There is a small regional component within the electricity sub-sector centred on support for the embryonic Regional Electricity Regulatory Association (RERA), whose secretariat is temporarily hosted by the NER, pending the formal launching of RERA. Initially, RERA will primarily provide a forum for mutual exchange of information, training and co-ordination, although it is envisaged as evolving into a body with a mandate to regulate the electricity supply industry in the Southern African sub-region, including the actors organised in the Southern African Power Pool. RERA may be launched in 2003. The SADC Council of Ministers at its meeting in Luanda in September 2002 instructed that RERA's Draft Constitution be reformulated to reflect the principles of an association of electricity regulators as opposed to a regulatory authority.

Within the petroleum sub-sector it has been agreed that regional activities will be funded outside the programme budget with additional funding from Norway. No activity is yet identified. The Department has several regional activities and projects, but most are bilateral. The Department has found it difficult working through SADC structures and the Luanda-based Energy Secretariat (the Technical Unit of the SADC Energy Commission) in the petroleum field.

There is fairly strong institutional collaboration with Norwegian institutions in all these programmes, including significant high-level technical assistance from Norway in the drafting of legislation and policy documents. Within the petroleum sub-sector the collaborating partner is the Norwegian Petroleum Directorate (NPD) which also sits on the project management committee. NPD has carried out several of the policy studies funded under the programme. Other studies funded have been undertaken by a Norwegian consulting company (ECON Centre for Economic Analysis) and a South African consulting company (SAD-ELEC) with close links to the Norwegian research base. The NPD associated Petrad – the International Programme for Petroleum Management and Administration – has been involved in staff training in the management of petroleum resources. At the commercial level there is also close co-operation between the state-owned oil companies in the two countries.

The Norwegian Water Resources and Electricity Directorate (NVE) became involved as a main collaborating partner in the electricity sub-sector with both the DME and the NER. The NVE was to provide assistance to the NER in research relevant to the electricity supply industry, to transfer skills and to provide technical assistance to the NER on matters pertaining to regulatory functions. ECON has been contracted to provide technical assistance and advice to the DME.

## Environment and Fisheries

*Table A8  
Environment and fisheries: Distribution of Norwegian support (1995-2001)*

<i>Recipients/area</i>	<i>Disbursement (NOK 1000)</i>
Department of Environmental Affairs and Tourism (DEAT): Environmental Programme	21 962
Department of Water Affairs and Forestry: Ground water/rural water supply	15 759
DEAT: Marine/Fisheries Sector*	9 785
UNEP: Multi-bi projects	2 250
Miscellaneous	3 280
<i>Total</i>	53 036

\* Allocations from the global "Nansen" programme outside the country allocation are not included. They amounted to NOK 7.4 million in the first phase.

The environmental programme emanates from the Memorandum of Understanding between Norway and South Africa on co-operation in the environment field, signed in February 1996. The particular attention given to this sector can also be attributed to the high profile kept by Norway following the chairing of the International Commission on Environment and Sustainable Development by the then Prime Minister of Norway, Gro Harlem

Brundtland. On the Norwegian side the Ministry of the Environment was instrumental in designing some of the major components of the programme.

A Norwegian fact-finding mission visited South Africa in May 1996 to identify areas of future co-operation. This resulted in a framework agreement that subsumed several activities listed in the multi-project business plan (1997–1999) with allocations to a number of areas. The total financial frame was NOK 23.3 million. On the Norwegian side the Directorate for National Heritage was selected as lead agency on behalf of the Ministry of the Environment, and with NORAD responsible for administrative and financial management. DEAT was the South African counterpart.

The current five-year phase II (2000–2004) of the environment programme has a total financial frame of NOK 60 million. By contrast to the previous phase, phase II has been streamlined and restructured into themes with a policy and capacity building orientation: Climate Change and Energy; Environmental Co-ordination and Management; Cultural Heritage and Tourism; Environmental Rights and Justice; Biodiversity and Water; Pollution and Waste Management; and Weather Services.

Outside the framework of the general environment programme a project is ongoing (1999–2004) with the Department of Water Affairs and Forestry (DWAF) on the Sustainable Development of Groundwater Resources. Its objective is to enhance DWAF's capacity to pursue the sustainable use of groundwater resources in the development of rural water supply services. Seven projects have been identified in order to achieve this goal. The implementing agencies are the Council of Geoscience (CGS), the Council of Scientific and Industrial Research (CSIR) and the Mvula Trust, with the Geological Survey of Norway (NGU) as an advisor and strong participant in six of the seven projects. The groundwater project was jointly initiated by the NGU and the CGS with an original focus on research and related information systems, but was refocused to be more pro-active on community involvement and awareness building.

The environment sector includes a major project on Marine Fisheries Co-operation. Institution building in the new fisheries administration was an overarching goal, including high-level assistance in drafting a new fisheries policy. There is also a major research component, especially linked to the management of stocks and strengthening of scientific capacity. The scientific component is mainly funded outside the environmental programme through the Norwegian global "Nansen" programme which revolves around the utilisation of the research vessel "Dr Fridtjof Nansen" operated by the Institute for Marine Research in Norway. The current 2002-2004 phase has a frame of NOK 15.850 million (of which NOK 3.850 million is allocated through the Nansen programme outside the country allocation and the environmental programme). The new phase has stronger project components focusing on assistance to the development of the mariculture sector and support to subsistence fisheries management. The programme is implemented through DEAT's Marine and Coastal Management (MCM) (formerly the Sea Fisheries Research Institute).

There is a major regional component in the fisheries programme, focusing on strengthening the science capability for optimal and sustainable utilisation of the Benguela ecosystem's living resources through the Benguela Environment Fisheries Interaction and Training (Benefit) Programme. This collaborative venture, comprising the three countries having coastlines bordering the Benguela Current, South Africa, Namibia and Angola, is partially funded by Norway through the "Nansen" programme. There are also linkages between Benefit and a number of other, partly complementary, programmes focusing on the Benguela Ecosystem. This applies in particular to a World Bank/UNDP Global Environmental Facility study known as the Benguela Current Large Marine Ecosystem Programme which may lead to the establishment of an Interim Benguela Current Commission. Benefit may serve as the scientific arm of this project.

SADC's role in the Benefit Programme has been limited and mainly confined to participation in marine fisheries training. SADC anticipates becoming more involved in the steering and evaluation of achievements of the programme, including harmonisation of fisheries policy. (The formal SADC involvement is funded outside the country allocation/Nansen contribution.)

Collaboration with a broader scope in terms of coverage and species also takes place under the auspices of the South East Atlantic Fisheries Research Commission.

In general, DEAT is working with its counterparts in the SADC countries on environmental reporting and monitoring. In particular, the State of the Environment Report project has reportedly generated regional interest and provided potential for replication in the region.



Within the DWAF project, one such project seeks to analyse best practices from rural water supply schemes in other Southern African countries and co-operation is sought with the SADC Water Sector Co-ordination Unit in Lesotho.

Co-operation with Norwegian institutions is well established in the fisheries sector. There is extensive collaboration between the Institute of Marine Research and the MCM in research and stock assessment through the use of a Norwegian research vessel. Similarly, the secondment of a fisheries policy advisor from the Norwegian Directorate of Fisheries has contributed to forging strong links with the MCM. There is also some involvement by the other Norwegian fisheries institutions (the Norwegian College of Fisheries Science and the Norwegian Institute of Fisheries Research). Collaboration between South African institutions and their Norwegian counterparts applies to the bilateral relationship and the regional dimension alike, e.g. through the Benefit programme.

The groundwater programme involves institutional collaboration between the NGU and CGS.

The environmental programme has Norwegian counterparts in six of the seven current programme areas. This includes the consulting company ECON Centre for Economic Analysis, the Norwegian Directorate of Cultural Heritage, the Norwegian Directorate of Nature Management, the Norwegian Pollution Control Authority, the Norwegian Institute of Air Quality and the Norwegian Meteorological Office in addition to the Ministry of the Environment. GRID-Arendal, a unit set up in Arendal, Norway by UNEP, is also strongly involved in providing environmental information, communications and capacity building services. There has also been some involvement at the project level by Lillehammer Municipality, the Norwegian Missionary Society and Statistics Norway.

At the departmental level, in multilateral fora DEAT and the Norwegian Ministry of the Environment co-operate and co-ordinate positions on international policy issues. This has also led to co-operation relating to common interests in Antarctic and the South Atlantic through the Commission for the Conservation of Antarctic Marine Living Resources, of which both countries are members. There is also logistical co-operation between the two countries related to the operation of their Bases in the Antarctic. Prospects for joint research in the Antarctic, including the Norwegian possession, the Bouvet Island, are being explored with the involvement of the Polar Institute and the Meteorological Office on the Norwegian side. Co-operation in weather observation in the Antarctic is funded through the environmental programme.

The 1999 Declaration of Intent also specified that co-operation between Norwegian and South African NGOs should be encouraged in the environmental sector. This has not yet resulted in any formalised co-operation.

## Culture and Sport

*Table A9  
Culture and sport: Distribution of Norwegian support (1995-2001)*

<i>Recipients/area</i>	<i>Disbursement (NOK 1000)</i>
Cultural exchange and miscellaneous	8 584
National Arts Council	5 282
Art and education through Norwegian NGOs*	4 936
Local Radio/Eastern Cape	3 643
Museums (Robben Island, District Six, Zululand Historical Museum Trust)	2 540
Norwegian Olympic Committee and Federation of Sports	8 840
<i>Total</i>	<i>33 825</i>

\*NOK 1 147 000 through Norwegian Choir Association and NOK 3 787 000 through SAIH

A significant share of the allocations under the culture heading has been to a variety of often very small projects to stimulate cultural co-operation and exchange between the two countries. In addition both the embassy directly and the Norwegian NGOs have provided funds to a variety of cultural projects, mainly linked to high-profile museums focusing on the apartheid past and the future, and to a variety of art and education projects.

The 1999 agreement defined culture as one of the areas of co-operation. In 2000 this led to the establishment of the *South African – Norwegian Education and Music Programme* (Mmino) with the National Arts Council in South Africa as implementing agency and the Norwegian Concert Institute as the co-ordinating agency on the Norwegian side. NOK 10 million was provided for this programme.

The chief objective of Mmino is to contribute to the strengthening of South Africa's national culture by supporting African musical cultures through the establishment of links between South African and Norwegian musical life. The specific objectives are multiple ranging from reaching out to disadvantaged and marginalised groups and developing of regional Southern African co-operation to institutional co-operation and exchange programmes between Norway and South Africa.

The chief activities have been support to a number of activities (based on applications) in different areas of musical culture (education, documentation/research, cultural exchange, choral and festivals). So far there has been limited cultural exchange between the two countries, or regional co-operation, funded through Mmino. However, there is considerable cultural co-operation between Norway and South Africa funded outside this programme and outside the aid co-operation.

Norad has a regional advisor on culture based in Maputo. He plays an important role in assisting and developing Norwegian support to cultural projects, including Mmino. The main focus of Norad's support to culture at the regional level has been support to a variety of regional networks and the development of a SADC culture fund (this is funded from the Norad's regional grant and outside the country allocation to South Africa).

In the area of sports the activities have focused on support to the Norwegian Olympic Committee and Confederation of Sports and its co-operation with South African sports organisations (National Olympic Committee of South Africa and the Sports Coaches Outreach project). The co-operation seeks to contribute to a strengthening of organised sport in local communities in South Africa, mainly by seconding Norwegian volunteers (partly through Fredskorpset) to work with local sport associations in disadvantaged communities.

This sports project must also be seen in the context of a rapidly growing interest in making use of South African training facilities by Norwegian top sportspeople and national teams, especially in soccer and athletics. There is also growing co-operation between the sports organisations in the two countries on a number of issues.

## Other Projects and Activities

*Table A10*  
*Other projects and activities: Distribution of Norwegian support (1995-2001)*

<i>Recipients/area</i>	<i>Disbursement (NOK 1000)</i>
Health: HIV/AIDS projects through Norwegian NGOs	21 170
Health: HIV/AIDS projects through regional organisations*	15 000
Health: Health Information Systems Programme	3 470
Health: Cholera epidemic (2001)	2 465
Norwegian Fredskorpset	13 422
Department of Labour/FAFO	7 502
Department of Finance/Statistics South Africa and Central Bureau of Statistics/Norway	3 427
Advocacy and organisational strengthening of organisations of the disabled**	3 830
Miscellaneous	24 823
<i>Total</i>	95 109

\* The figure is an estimate of the share of the Norwegian grant to the Project Monitoring Group/University of Zimbabwe. For phase 1 (1999-2001) they received NOK 32 million for activities in Southern Africa. Nearly half of this was channelled to projects inside South Africa, mainly in Mpumalanga. For phase 2 (2002-2006) NOK 134 million has been allocated. These funds are disbursed from NORAD's regional grant and outside the country frame for South Africa. In 2002 the group relocated its headquarters to South Africa with branches in Zambia and Zimbabwe.

\*\* Channelled through a Norwegian NGO (the Atlas Alliance).

The "other" category comprises some distinct clusters of projects. The biggest is the health area where in the latter part of the period HIV/AIDS became an important focus for Norwegian financial support. This was mainly channelled through Norwegian NGOs which supported a number of South African NGO activities, including prevention and education, care and support for those living with the disease as well as human rights and developmental aspects (cf. the list of recipients in annex 2). In 1999 Norway also decided to support a major regional project on HIV/AIDS managed by the Project Monitoring Group, originally based at the Department of Psychology at the University of Zimbabwe. The head office was relocated to South Africa in 2002. A significant share of the funds allocated through this group is disbursed to a variety of community projects in South Africa. In addition to this, Norway also provides funding to the global HIV/AIDS programme of which a significant share is going to South Africa.

The Health Information System Programme is a joint effort by the School of Public Health at UWC and the Department of Community Health in co-operation with Norwegian expertise in information technology to develop an innovative system for the management of routine health data in primary and hospital health care. It was originally supported by Norway in the early period and still receives some funding from the research grants, but the main donor is the South African Department of Health and USAID. It has been adopted in all of South Africa's provinces and in Malawi and is being piloted in several other neighbouring countries and beyond.

Norway has supported two big projects related to the collection and analysis of statistics. The South African Department of Labour commissioned the Norwegian Institute for Applied Social Science (FAFO) to do a major survey of the labour force. Improvement in gender statistics and the use of time series have been the focus for the co-operation between the official statistical agencies in the two countries.

The Norwegian Fredskorpset began its operations in 2000 and provides for the exchange of young staff and interns between organisations in Norway and in the South. South-South exchange is also encouraged. Several Norwegians institutions have expressed a strong interest in partnering with South Africans (cf. annex 2). Most activities became operational only in 2002. It includes several South-South exchanges involving South African institutions and their counterparts in the SADC region. This is most comprehensive in the sports field through a "Sports Coaches Outreach" programme.



## **2: South African NGOs supported by Norway (2001-2002)**

The table below lists all South African non-governmental and community-based organisations and private institutions currently receiving financial support from or through Norwegian NGOs and the Norwegian embassy (either directly or through the Institute of Human Rights in Oslo, which manages the embassy's programme on human rights). In some instances (e.g. the Social Change Assistance Trust and the Aids Foundation) the South African institutions channel funds to an often very large group of community-based organisations. These recipients are not included in this list. Nor is co-operation between higher education and research institutions included in this category.

Excluded from the list is the Norwegian Fredskorpset. This institution is fully funded by the Norwegian Ministry of Foreign Affairs and provides funding for the exchange of young staff and professionals between Norwegian institutions and similar institutions in the South (including South-South exchange). The staff exchanged must be aged between 22 and 35 years. By mid-2002, 10 Norwegian institutions (including also a commercial company) had had their applications for exchange with South African counterparts approved (the first approval was made in early 2001). It also includes staff exchanges between South African organisations and organisations in the SADC region. The staff exchanges are in most cases also intended to be a component in a broader co-operation between Norwegian and South African organisations. Most are included in the list below. At the time of writing another 15-20 applications were being processed.

<i>Norwegian NGO/donor</i>	<i>South African NGOs</i>	<i>Location, head office</i>
Norwegian Church Aid	South African Council of Churches	Johannesburg
	Trauma Centre for Survivors of Violence and Torture	Cape Town
	Social Change Assistance Trust (rural development projects)	Cape Town
	Spiritual Churches Research and Theological Training	Johannesburg
	Ecumenical Service for Socio-Economic Transformation	Johannesburg
	Challenge Magazine/Institute for Contextual Theology	Johannesburg
	Black Sash	Johannesburg
	Built Adult Learning Co-operative (adult education, community development)	Cape Town
	Aids Foundation of South Africa	Johannesburg
	Ulwazi Skills Training Centre	Tembisa, Gauteng

	Diakonia Council of Churches	Durban
	Institute for the Healing of Memories	Cape Town
	Institute for the Study of the Bible/University of Natal	Pietermaritzburg, KZN
	National Institute for Crime Prevention and the Rehabilitation of Offenders	Cape Town
	Pietermaritzburg Agency for Christian Social Awareness	Pietermaritzburg, KZN
	Practical Ministries	Port Shepstone, KZN
Norwegian People's Aid	Ethembeni Business and Training Centre	Cato Ridge, KZN
	Soetfontein Rural Development Association	Soetfontein, Limpopo
	Institute for Farmworkers Research and Development	Polokwane, Limpopo
	Natal Monitor/University of Natal (violence monitoring)	Durban
	Isivivane Sethu Finance Institute (micro-finance)	Durban
	Community Based Organisations Network (covering 8 regions in KZN)	Durban
	Community Internship and Development Centre/University of Natal	Durban
	Khupuka Step (skills training and employment programme)	Durban
	Women's Leadership and Training Programme	Polelo, Richmond/Inhlazuka, KZN
	Special Medical Services (ambulance and health preventive services)	Eldorado Park, Gauteng
	Centre for Peace Action/University of South Africa (women's safety and health promotion programme)	Eldorado Park and Pretoria
	Township Aids Project	Soweto, Gauteng
	Norwegian Students and Academics International Assistance Fund/Interfund	School Leavers Opportunity Training
Centre for Education and Enterprise Development		Durban
Foundation for Education with Development		Johannesburg
Joint Enrichment Project (enterprise education)		Johannesburg
Careers Resources Centre (enterprise education)		Pietermaritzburg, KZN
Media Works – Rural Training Programme		Cape Town
South African Graduates Development		Johannesburg
South African Students Congress		Johannesburg
Arepp Education Trust		Cape Town
Sibikwa Community Theatre		Benoni, Gauteng
Art and Culture Management Project		Johannesburg
Curriculum Development Project (art and culture education)		Johannesburg

	Art Teacher Initiative	Port Elizabeth, Eastern Cape
	Lovedale Community College (art and culture education)	Alice, Eastern Cape
	Moving Into Dance/Newtown	Johannesburg
	National Association of People Living with Aids	Germiston, Gauteng
	AIDS Law Project, Centre for Applied Legal Studies/ University of the Witwatersrand	Johannesburg
	Tugela Aids Project	Eshowe, KZN
	Community Development and Outreach Project (HIV/AIDS)	Scottsville, KZN
	Masifunde Education and Development Project (HIV/AIDS)	Grahamstown, Eastern Cape
	Centre for the Study of AIDS/University of Pretoria	Pretoria
	MediaWorks (HIV/AIDS)	Cape Town
	National Aids Education Trust	Johannesburg
	Ikhwezi Women Support Centre (HIV/AIDS)	Cathcart, Eastern Cape
	DramAide/Media Studies, University of Natal (HIV/AIDS)	Durban
Norwegian Embassy/Institute of Human Rights	Electoral Institute of Southern Africa	Johannesburg
	Institute for Democracy in South Africa	Cape Town and Pretoria
	Centre for Conflict Resolution, University of Cape Town (youth programme)	Cape Town
	Centre for the Study of Violence and Reconciliation (production of educational outreach materials)	Johannesburg
	Institute for Justice and Reconciliation	Cape Town
	Community Law and Rural Development Centre	Durban
	Centre for Human Rights/University of Pretoria	Pretoria
	Ismail Mohamed Centre for Human and People's Rights/University of Venda (workshop)	Thohoyandou, Limpopo
	Programme for Land and Agrarian Studies, University of the Western Cape	Cape Town
	Cala University Students Association (rural development)	Sakhisizwe, Eastern Cape
	Centre for Applied Legal Studies, University of the Witwatersrand (discrimination, workplace)	Johannesburg
	Rape Crisis	Cape Town
	Parliamentary Monitoring Group	Cape Town
	ODI Community Law Centre (access to justice)	NorthWest
	Institute for African Alternatives (New Agenda journal)	Johannesburg
	South African Institute of International Affairs (workshop)	Johannesburg

Norwegian Embassy	South African Institute of International Affairs (monitoring, SADC)	Johannesburg
	Institute for Security Studies (research/policy on terrorism)	Cape Town
	Zululand Historical Museum Trust	Eshowe, KZN
	Open Learning System Education Trust	Johannesburg
	Institute for the Advancement of Journalism	Johannesburg
Norwegian Band Federation	Field Band Foundation	Johannesburg
Norwegian Federation of Co-operative Housing Associations	Cope Housing Association	Johannesburg
Norwegian Choir Association	University of Port Elizabeth (conductor training and tuition)	Port Elizabeth, Eastern Cape
Norwegian Red Cross	Red Cross (organisational development, HIV/AIDS, youth)	Johannesburg
Norwegian Institute of International Affairs	Institute of Security Studies (Training for Peace)	Pretoria
	African Centre for the Constructive Resolution of Disputes (Training for Peace)	Durban
Norwegian Olympic Committee and Confederation of Sports	National Olympic Committee of South Africa	Johannesburg
	SCORE	Cape Town
Salvation Army	Salvation Army South Africa	Johannesburg
Delta International	South African National Council of YMCA's	Johannesburg
Union of Education	South African Democratic Teacher's Union (SADTU)	Johannesburg
Atlas Alliance	Disabled Children Action Group	Cape Town
	Southern Africa Federation of the Disabled (SAFOD)	Harare, Zimbabwe
Confederation of Vocational Unions (YS)/The Norwegian Police Federation	SA Police Union & Police and Prisons Civil Rights Union (educational programme through Public Services International/France)	Johannesburg
Confederation of Norwegian Business and Industry (NHO)	Business South Africa	Johannesburg
	Agri South Africa	Pretoria



### **3: The Non-Profit Sector in South Africa**

This annex describes the state of the non-profit sector in South Africa. Section 1 provides a description of this sector, drawing heavily on a recent study, while section 2 examines the challenges facing the sector. Finally, section 3 provides a summary with some implications for donors such as Norway.

#### **1: The current state of the non-profit sector**

The 1998 Non-Profit Organisations Act sets out the following definitional criteria to classify the sector: organised, private, self-governing, non-profit distributing and voluntary. In this report the generic terms non-profit sector/organisation, civil society, and voluntary sector/organisation are used interchangeably. The non-profit sector includes non-governmental organisations (NGOs), which tend to be formal and often operate from an urban centre, and community-based organisations (CBOs) which tend to be informal and are usually less well resourced.

There are considerable knowledge gaps and many myths about the state of civil society and the non-profit sector. Valuable new data on the non-profit sector have however, emerged with the findings of a major South African Non-Profit Sector Study undertaken by the Graduate School of Public and Development Management at the University of the Witwatersrand on behalf of the Johns Hopkins University (hereafter referred to as the Non-Profit study)<sup>1</sup>.

Key findings of this Non-Profit study are:

- ☞ The Non-Profit sector is larger than initially thought. South Africa has a larger non-profit sector than all but a handful of developing countries. There are 98 920 non-profit organisations across all sectors. The largest sectors are culture and recreation (20 587), social services (22 755) and development and housing (20 382). These three sectors together employed 348 000 full-time equivalents or 54% of the total number of people employed in the sector;
- ☞ Civic advocacy and environment organisations may appear small but are comparatively large. Issue-based and value-driven organisations in the environment and civic/advocacy sectors are significant, including civil rights organisations (5% of the non-profit workforce) and political parties (14%);
- ☞ The majority (53%) of non-profit organisations are less formalised community-based organisations concentrated in poorer communities;
- ☞ Non-profit organisations are stable rather than transient organisations with an average existence of 19 years;

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<sup>1</sup> See M. Swilling and B. Russell: *The size and scope of the non-profit sector in South Africa* (University of the Witwatersrand, Johannesburg 2002).

- ☞ Women and black people play a leading role in the non-profit organisation sector. In contrast to the gender profile of the public sector and the gender and race profile of the private sector, 59% of the managerial level of all non-profit organisations surveyed comprised women and 73% of managers were black;
- ☞ The non-profit sector is a major economic force and is larger than some formal economic sub-sectors. The total operating expenditure of all South Africa's non-profits was R9.3 billion in 1998/1999, or 1.2% of the 1998 GDP. It is also a major employer; and
- ☞ The non-profit sector mobilises a substantial number of volunteers. Nearly 1.5 million volunteers actively contributed their time and energy to South African non-profit organisations in 1998, well above the international average.

A key finding of the non-profit study is that the sector is a R9.3 billion industry that contributed 1.2% to the Gross Domestic Product in 1998. Measured by size of workforce the non-profit organisations are larger than many formal economic sectors.

## 2: Challenges facing the non-profit sector

The end of apartheid removed the *raison d'être* of many civil society organisations, including NGOs, requiring a dramatic shift in relations with government and the private sector and impacting on levels of funding. A great deal has been written about civil society and the NGO sector in particular, much of it focused on problems and weaknesses facing the sector, including many predictions of its imminent implosion or collapse.<sup>2</sup> Other commentators tried to highlight the new opportunities that democratisation brought with it.<sup>3</sup>

### 2.1 Finance and sustainability

The Non-Profit study estimated that the non-profit sector had an income of R14 billion in 1998:

- Government contributed 42% or R5.8 billion of all revenue that accrues to the non-profit sector (in Western Europe the average is 50%);
- Health, social services and development/housing get the lion's share of government support;
- Donors (domestic private sector, philanthropy and foreign and non-governmental international aid) contributed R3.5 billion, 25% of revenues that accrue to the sector. Of this amount, the South African private sector contributed approximately R3 billion, and foreign donors, R500 million;
- Private donor funding went largely to the health, development and housing, and education sectors;
- The financial value of (in-kind) volunteer work is estimated at R5.1 billion; added to private donor support (R3.5 billion), the total value of all private support is equal to approximately R8.7 billion; and
- Service fees, dues and other self-generated income accounted for 34 percent of non-profit revenues (approximately R4.7 billion).

The Non-Profit study has highlighted the economic factors at play within the sector, as well as the economic significance of the sector. Taken as a whole, income sources for the sector are as follows:

*Table A11  
Non-Profit sector: Income sources (1998)*

Sources of income	R Million	Percent
Fees, sales, dues	4 029	29
Investment	668	5
Domestic and foreign donors	3 487	25
Government grants/contracts	5 827	42
<i>Total</i>	14 011	100

Almost a third of all income derives from cost retrieval, a major change from the past. Government monies make up 42% of all income for non-profit organisations.

<sup>2</sup> See successive annual reviews published in *Development Update* (Interfund, Johannesburg).

<sup>3</sup> See for example A. Gulati, D. Everatt & A. Kushlick, *Tango in the dark: Government and voluntary sector partnerships in the new South Africa* (Interfund, Johannesburg 1996).

These findings cannot be generalised across the board. There are great variations between different types of non-profit organisations. Organisations targeting marginalised and poor communities, for instance – like much of the work NGOs receiving Norwegian assistance are engaged in – cannot rely on cost-retrieval as an important source of income. Cost retrieval is also a problem for non-profit organisations in the advocacy and politics sector, although the non-profit sector study found that 82% of the income to this sector came from government grants and contracts.

## ***2.2 Relations with government***

Relations between the NGO sector and government began to deteriorate after the demise of the Reconstruction and Development Programme (RDP), which had articulated a clear role for non-profit organisations. A 1998 study outlined four main factors in explaining the poor relationship:

- “Attitudinal” and bureaucratic obstacles, manifested in distrust of non-profit organisations by government bureaucrats;
- Institutional lack of clarity – failure by government to formulate a coherent policy approach to non-profit organisations;
- Institutional capacity constraints – neither non-profit organisations nor government departments have the capacity to manage complex partnership arrangements;
- Legal obstacles: government, especially at provincial and local levels, inherited complex legal constraints that complicated relations.<sup>4</sup>

Others have argued that that the government itself had changed from a state that opens itself to influence and inputs from other stakeholders to a state that inures itself against internal advocacy groups.

This explanation should be understood in context: NGOs in particular opposed the Growth Employment and Redistribution (GEAR) economic strategy, and increasingly found themselves attacking the government. And they were attacked in return, by (then) President Mandela, followed by other Ministers and officials. Hostilities sharpened as the National NGO Coalition adopted a more overtly political stance.

Government has, however, also clear expectations of the sector, as stated by the Minister of Social Development:

“The basic twin expectations of government are that NGOs will firstly, continue to act as monitors of the public good and safeguard the interests of the disadvantaged sections of society. This performance of this social watch role requires both transparency and accountability on the part of NGOs. The government's second expectation is that NGOs will assist in expanding access to social and economic services that create jobs and eradicate poverty among the poorest of the poor. This requires cost effective and sustainable service delivery”<sup>5</sup>

The government has also created important legislative frameworks and funding channels for the non-profit sector. It is important to emphasise the financial resources government has made available through this. The Taxation Laws Amendment Act (Act 30 of 2000) effectively exempts non-profit organisations from income tax and exempts donors from donations tax within defined areas of work. Direct funding channels have also been created. A National Development Agency (NDA) has been established. It shall, according to the Act establishing it, contribute to “the eradication of poverty and its causes by granting funds to civil society organisations”. Grants fall in two areas: “carrying out projects or programmes aimed at meeting the development needs of poor communities; and strengthening the institutional capacity of other civil society organisations involved in direct service provision to poor communities.” The Lottery Act created an independent Board to ensure that funds from the National Lottery are allocated for work in the areas where non-profit organisations predominate.

The non-profit sector study argued that key government departments and leading non-profit organisations have co-created a legislative and policy framework that defines a non-profit organisation and establishes a sectoral

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<sup>4</sup> B. Bench and B. Lipietz, “Structuring effective development-oriented interactions between the state and civil society in SA: A comparative analysis of mechanisms in place”. (Mimeo, Transitional National Development Trust, 1998).

<sup>5</sup> Quoted in Swilling and Russell (2002).

role in governance and delivery. They have also developed a registration procedure managed by the state without giving the state all power to decide what is/not a non-profit organisation. They go on to say:

“It needs to be immediately emphasised, however, that like so much else that has taken place at the policy and legislative level in South Africa since 1994, it is only really the potential that has been constructed. There are already huge complications with the implementation of the framework, most of which have got to do with a dearth of managerial and institutional capacity within the NDA, the Department of Welfare and the Receiver of Revenue to actually ensure that all aspects of the new framework are properly and speedily implemented.”<sup>6</sup>

The review team found that 15-20 the South African NGOs receiving financial support from Norway and listed in annex 2 successfully applied for funding from the NDA and/or the Lottery fund. It has not been possible to establish how many applied unsuccessfully. Judging by the comments received from NGOs attending the workshops conducted by the team, many NGOs at present have found it extremely difficult to access funds from either the NDA or the Lottery Fund. Participants at both workshops strongly recommended that future Norwegian assistance to South Africa should include building the appropriate capacity in both the NDA and the Lottery Fund to facilitate significantly speedier disbursement of financial aid by these two bodies.

There was also a strong view amongst participants at the workshops that it is important for NGOs to remain independent of government even if their financial survival is dependent on funds they receive either directly from government or indirectly through conduits such as the NDA, Lottery Fund or any other body.

### **2.3 Leadership and capacity problems**

Gerald Kraak has provided an authoritative analysis of the capacity problems facing NGOs.<sup>7</sup> He argues that the NGOs are also characterised by:

- A lack of creative, dynamic and visionary leaders;
- A failure to reproduce quality leadership;
- Working in the non-profit sector is a career-based stepping-stone rather than a ‘calling’;
- Generally low levels of commitment, especially in delivery-oriented non-profit organisations as opposed to politically or ideologically-based non-profit organisations;
- Prevalence of a victim mentality;
- Unresolved tensions over race and gender;
- Lack of monitoring, evaluation and reporting systems to check progress, identify problems and react accordingly; and
- Poor fundraising skills, strategies and drives.

Kraak goes on to note that donors have poured substantial resources into ‘capacity building’ exercises, which have become on-going ‘navel-gazing’ exercises that are an end in themselves. He concludes by arguing that donors have to help NGOs resolve systemic problems – among which the skills deficit is paramount – before capacity building can bear fruit.

Motala and Husy take a different angle and call for a range of interventions aimed at ensuring the sustainability of interventions beyond the lifespan of a project. Unlike Kraak, they argue that capacity building should be at the core of such initiatives. They propose that donors should cover operational and implementation costs, which cannot be earned through standard cost-retrieval mechanisms.<sup>8</sup>

The Non-Profit study argued that “the finding that the sector’s leadership is dominated by women and black people is obviously hugely significant from the point of view of leadership development for the future.” NGOs have been the “organisational schooling ground for many black people - and to some extent women - who are currently rising up through the public and private sector bureaucracies”; and must continue to play that role.

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<sup>6</sup> Swilling and Russell (2002) *The size and scope op cit.*

<sup>7</sup> See G. Kraak: The South African voluntary sector in 2001: A great variety of “morbid symptoms”, *Development Update*, vol. 3, 2001, 4: 129-150.

<sup>8</sup> S. Motala and D. Husy ‘NGOs do it better: an efficiency analysis of NGOs in development delivery’, *Development Update* Vol. 3, 2001, 4: 71-112

## ***2.4 Changing foreign funding patterns and priorities***

There has been much talk in NGO circles of a foreign donor “drought”. Kraak argues that this is a myth. The level of foreign donor funding has remained remarkably stable since 1994-95. In fact, he argues, it has probably increased since the late 1990s, largely because of the failure of government to deliver in key sectors using international aid. Most foreign donor funding has been invested in education, health, job-creation and service delivery, yet a fair proportion has gone to governance programmes, including democratisation and human rights projects – sectors commonly believed to experience difficulty in accessing funds.

However, donor priorities have shifted and the pattern of funding may have shifted to the disadvantage of some categories of non-profit organisations. In particular Northern donors have sought to relocate resources into social services at the expense of research, project facilitation, human rights and lobbying and advocacy. There is also a trend, noted by Kraak, for foreign donors to cut down on administration costs by making larger grants to a smaller number of organisations, and by entering into multi-year rather than annual funding contracts. This has also been associated with other shifts. Generalised or flexible operational funding has been replaced by project or activity specific grants intended to achieve very defined outcomes and impact. Also, flexible funding grants have been replaced by thematic programmes supporting particular approaches and issues, often new to recipients. Donors have increasingly shifted from pro-active funding, to application-led grant processes that require detailed and sophisticated planning methodologies and structures.

The Norwegian support to the non-profit sector corresponds to this general trend, but with some exceptions. The Norwegian funding, particularly funding channelled through Norwegian NGOs, has continued to be directed at smaller NGOs and CBOs. The biggest change has been a greater targeting of organisations focusing on culture and HIV/AIDS. Another noticeable trend in the Norwegian support has been the limited attention to the use of NGOs in order to improve implementation and service delivery in government programmes (the exception is water supply and the housing programme where South African NGOs play an important role in the Norwegian programmes). A final observation is that Norway as opposed to most other major donors to the South African non-profit sector does not appear to have an overall guiding policy behind their support and prioritises.

The net result of these changes in donor priorities has been that funding arrangements have introduced rigorous and demanding management obligations related to financial management, monitoring and reporting. These changes have caught many South African NGOs unprepared, or lacking the capacity, to meet new challenges. The shift will inevitably have favoured larger, urban, more sophisticated NGOs to the detriment of smaller projects. The impact has been most severe on civil society organisations unable to manage the change to relevant programmatic themes and approaches; on organisations with limited or insufficient capacity to manage complex grant processes; and on organisations inappropriately positioned with regard to government, donors or constituencies.

## **3: Conclusions and implications**

Based on the above description of the non-profit sector, a number of concluding statements can be made.

1. South Africa’s non-profit sector is large, vibrant and a significant economic force. However, the ‘typical’ non-profit organisation is not formally constituted, relies heavily on volunteers, is located in a poor community and works in welfare or development. The NGO sector, however, remains embattled, suffering from poor and fractious sectoral leadership and a host of internal problems. Resolving these problems – at sectoral and individual levels – is of fundamental importance to both the sector as a whole and for donors, such as Norway, that provide considerable assistance to this sector.
2. Taking NGOs and statutory bodies together, there is a major gap in our knowledge about what they do, where they do it, and the impact of their work. While larger NGOs and statutory bodies issue annual reports, there is very little (if any) rigorous evaluative information available. As a result, we are unable to provide any conclusions about the capacity or impact of the NGOs and CBOs. Filling this information gap is clearly important for the sector as a whole, including donors; it may be an area where Norwegian development assistance can play an important role.
3. The issue of sustainability continues to haunt the sector, and it is clear from discussions held with a wide variety of NGOs that many are still very dependent on financial assistance either from a single donor such as Norway, or from a group of donors (including Norway). Whilst attempts have been made in the past to get NGOs to think more seriously about this issue (e.g. the sustainability workshop

conducted by the Norwegian Embassy in 1998), a more concerted attempt will have to be made to ensure that successful NGOs have effective sustainability strategies in place.

4. An important component of sustainability is the ability to diversify one's funding sources. As was noted above, some NGOs have begun to raise funds through a variety of sources. A potential source is the private corporate sector in South Africa, many of whose members have recently established social responsibility programmes. Many NGOs, however, reported a lack of success in accessing these funds, and it would appear that NGOs need some help in developing effective corporate lobbying/ marketing strategies.
5. Linked to the lobbying of corporations in South Africa would be a similar strategy for the donors who operate in South Africa, specifically to ensure "donor co-ordination". With many NGOs very dependent on a handful of donors, it is quite likely that the impact of reduced funding and changing donor priorities will have a negative impact on certain types of NGOs doing very important work. It is important that foreign donors consider introducing transitional arrangements to avoid such negative impacts before cuts and changing priorities are introduced.

## 4: List of Persons Met

### *Norway*

Rune Nilsen	Deputy Vice-chancellor, University of Bergen
Bjørn Einar Aas	Head, Office for Foreign Students, University of Bergen
Kjell G. Pettersen	Senior Executive Officer, Office of International Relations, University of Bergen
Ulf Lie	Director, Center for International University Co-operation (SIU), Norwegian Council of Higher Education
Paul Manger	Task Manager, NUFU programme, SIU
Tom Skauge	Head, Overseas Section, SIU
Kurt Løvschal	Head, NUFU programme, SIU
Kirsten Bjørn	Advisor, Technical Department, Unit for Private Sector Development and Employment, NORAD
Jon Lomøy	Director, Section for Southern Africa, Regional Department, NORAD
Linken N. Berryman	Section for Southern Africa, Regional Department, NORAD
Tor-Øyvind Tanum	Section for Southern Africa, Regional Department, NORAD
Lill-Ann B. Medina	Technical Advisor, Higher Education and Research, NORAD
Mette Masst	Advisor, Technical Department, Local Government, NORAD
Marit Gjelten	Advisor, Technical Department, Unit for Governance and Civil Society, NORAD
Happy Mushlango	Ambassador, South African Embassy
Marina Minnie	First Secretary Political, South African Embassy
Kaare Reidar Aas	Deputy Director General, Department for Security Policy, Ministry of Foreign Affairs
Anne Kjersti Frøholm	Advisor, Department for Security Policy, Ministry of Foreign Affairs
May Sommerfelt	Director of International Department, The Norwegian Federation of Co-operative Housing Associations (NBBL)
Jan Skjerve	Advisor, NBBL
Roar Wik	Consultant, NBBL
Øystein Haugen	Project Co-ordinator, Local Government Development, The Norwegian Association of Local and Regional Authorities
Helene Solbakken	Oslo Municipality
Kirsten Arneberg	Oslo Municipality
Per Grimstad	Ambassador to South Africa (1997-2001)
Øystein Gudim	Head of Division, International Trade Union Solidarity, International Department, Norwegian Confederation of Trade Unions (LO)
Nina Møberg	Programme Officer, Africa, International Department, LO
Helge Stange	Assistant Director, Technical Department, NORAD
Else Berit Eikeland	Director, Department of Civil Society and Private Sector Development, NORAD
Grethe Thingelstad	Co-ordinator, Training for Peace, NUPI
Torunn Tryggestad	Former Co-ordinator, Training for Peace, NUPI

Aud Marit Wiig	Deputy Director General, Africa, Ministry of Foreign Affairs
Hans Petter Haugum	Norwegian Church Aid
Lalaine Stormorken	Institute of Human Rights
Peris Jones	Institute of Human Rights
Ingrid Høgset	Norwegian Students and Academics International Assistance Fund (SAIH)
Tor Kjetil Edland	SAIH
Hans Henrik Thaulow	Advisor (Matchmaking Programme), Technical Department, NORAD
Øistein Glømme	Advisor (energy), Technical Department, NORAD
Egil Skofteland	Senior Advisor, Norwegian Water Resources and Electricity Directorate (NVE)
Roald Bjelland	Senior Advisor, NVE
Øystein Kristiansen	Project Director, International Co-operation, Norwegian Petroleum Directorate (NPD)
Synnøve Vinsrygg	Senior International Advisor, Nordic World Heritage Office (formerly Norwegian Directorate of Cultural Heritage)
Erling Bakken	Senior Scientist, Institute of Marine Research (IMR)
Tore Strømme	Senior Scientist, IMR
Anne Strand	Deputy Director, Section for Southern Africa, Regional Department, NORAD

***Participants, workshop with NGOs, Oslo 28 August***

Lalaine Stormorken	Institute for Human Rights
Bodil Lawrence Ravn	Norwegian Red Cross
Kåre Hauken	Norwegian Choir Association
Tom Gravlje	Norwegian Concert Institute
Tone Tjemsland	Norwegian Fieldband Association
Andreas Kolaas	ARC-Aid
Tor Kjetil Edland	SAIH
Helge Espe	Norwegian Volunteers Association
Liv Tørres	FAFO
Øystein Gudim	LO
Kristin Eskeland	Norwegian People's Aid
Inger Marie Nygård	Norwegian Salvation Army
Sverre Aarsand	Norwegian Olympic Committee and Confederation of Sports
May Sommerfelt	NBBL
Arne Tostensen	
Pundy Pillay	
Elling N. Tjønneland	

***South Africa***

Jon Bech	Ambassador, Norwegian embassy
Katja Nordgaard	Minister Councillor, Norwegian embassy
Steinar Hagen	Councillor, Norwegian embassy
Inger Naess	First Secretary, Norwegian embassy
Svein Bæra	First Secretary, Norwegian embassy
Jan Eriksen	First Secretary, Norwegian embassy
Shaheed Rajie	Chief Director, International Development Co-operation Directorate (IDC), National Treasury
Lemma Merid	Advisor seconded by the UNDP, IDC, National Treasury
Sharmala Naidoo	Director, EU & Europe Bilateral, IDC, National Treasury
Sanette Boshoff	Director, Higher Education Directorate, Department of Education
Eberhart Braune	Director, Geohydrology, Department of Water Affairs and Forestry
Boniface O. Y. Aleobua	Deputy Director, Geohydrology, Department of Water Affairs and Forestry
Zaheer Fakir	Head: International Liaison and Co-ordination, Department of Environmental Affairs and Tourism
Robert S. Kriger	International Science Liaison, National Research Foundation



Mark Malan	Head: Peace Missions Programme, Institute for Security Studies
Noel Stott	Senior Researcher: Arms Management Programme, Institute for Security Studies
Paul Graham	Director, Institute for Democracy in South Africa
Knut Ringstad	Commercial Counsellor, Norwegian Trade Council
Morgan Pillay	General Manager: Policy and Research, National Housing Finance Corporation
Adrienne Egbers	Chief Operating Officer, National Housing Finance Corporation
Xolani H. Mkhwanazi	Chief Executive Officer, National Electricity Regulator
Buti Simelane	Project Manager, South African Local Government Association
Judy Sibisi	Programme Director, South African Local Government Association
Menzi Simelane	Commissioner, Competition Commission of South Africa
Alicia Stevens	Programme Co-ordinator, Competition Commission of South Africa
Doreen Nteta	Chief Executive Officer, National Arts Council
Anriette Chorn	Mmino Coordinator, National Arts Council
Andre le Roux	National Arts Council
Lindi Ngcobo	Music Department, National Arts Council
Gavin Cawthra	Director, Centre for Defence and Security Management, University of the Witwatersrand
Anthoni van Nieuwkerk	Senior Lecturer, Centre for Defence and Security Management, University of the Witwatersrand
Tore Horvei	Chief Executive, Southern African Development Through Electricity (SAD-ELEC)
Margaret Fish	Marketing Manager, Cope Housing Association
William Gray	Development Manager, Cope Housing Association
Jill Turnbill	Housing Services Manager, Acting Chief Executive Officer, Cope Housing Association
Chris Tapscott	Dean, Faculty of Economic and Management Sciences, and Director, School of Government, University of the Western Cape
Barry Streek	Convenor, Board of Trustees, Social Change Assistance Trust
Johann Augustyn	Director, Marine and Coastal Management, DEAT
Svein Munkejord	Technical Advisor, Marine and Coastal Management, DEAT
Horst Kleinschmidt	Deputy Director General, Marine and Coastal Management, DEAT
Monde Mayekiso	Chief Director, Marine and Coastal Management, DEAT
Hilton Trollip	Consultant, energy policy
Laurie Nathan	Director, Centre for Conflict Resolution
Andries Odendaal	Senior Researcher, Centre for Conflict Resolution
Bulelwa Makalima-Ngewana	Manager, Africa Project, Centre for Conflict Resolution
Calle Hedberg	Consultant, Health Information Systems Programme
Nomhle Nkumbi-Ndopou	Director, Social Change Assistance Trust
Joanne Cartmel	Field Manager, Social Change Assistant Trust
Miriam du Toit	Finance Manager, Social Change Assistance Trust
Kathi Govender	Deputy Director, Accord
Kwezi Mngwabisi	Director, Operations, Accord
Michael Sutcliffe	Chairperson, Demarcation Board
Derrick Young	Programme Director, SANTED, Centre for Education Policy, Development, Evaluation & Management
David du Buisson	Nordic Desk, Department of Foreign Affairs
C.J.(Chris) Scheffer	Director, Bilateral S & T Co-operation, Department of Science and Technology
Rod Crompton	Acting Deputy Director General, Energy and Chief Director, Hydrocarbons Energy, Department of Minerals and Energy
Elsa du Toit	Director, Electricity Supply, Department of Minerals and Energy
Matthews Moketsane Bantsijang	Deputy Director, Electricity Policy, Department of Minerals and Energy
Mark Beare	Project Co-ordinator, Department of Minerals and Energy
Karen Harrison	Director, Capacity Building and Policy Co-ordination, Department of Local and Provincial Government
Riaan Botha	Director, Research (Governance), Department of Local and Provincial Government

***Participants, Workshop with NGOs, Johannesburg 17 September***

Tarisai Hillary Motsiri	Curriculum Development Project
Charlotte Schear	Curriculum Development Project
Kobus Kleynhans	Business South Africa
Tersia Finn	The Salvation Army
Phindi Mbanjula	Township Aids Project
Jack Raath	Agri South Africa
Teboho Klaas	South African Council of Churches
David April	Moving Into Dance
Phyllis Klotz	Sibikwa Community Theatre
Vanessa Baver	Sibikwa Community Theatre
Naidoo Nyoni	Interfund
Mxolisi Sibanyom	Institute for Democracy in South Africa
Karen Stilwell	Aidslink
Ahmed Motala	Human Rights Institute of South Africa
Phillemon Sello	South African Graduates Development Association
Cathi Alberton	Centre for Applied Legal Studies
Pundy Pillay	
Matthew Smith	
Arne Tostensen	
Elling N. Tjønneland	

***Participants, Workshop with NGOs, Cape Town 19 September***

Nomhle Nkumbi-Ndopou	Social Change Assistance Trust
Soraya Solomon	National Institute for Crime Prevention and the Rehabilitation of Offenders
Paul Haupt	Institute for Justice and Reconciliation
Gordon Bilbrough	Arepp Education Trust
Nomfundo Walaza	Trauma Centre for the Survivors of Violence and Torture
Bulelwa Makalima-Ngewana	Centre for Conflict Resolution
Bulelwa Voko	Media Works (Rural Training Programme)
Charles Gordema	Institute for Security Studies
Mike Cuthbert	YMCA
Ian Saunders	Build Adult Learning Co-operative
Marshall September	Build Adult Learning Co-operative
Ben Cousins	Programme for Land and Agrarian Studies, UWC
Sharmala Naidoo	National Treasury
Matthew Smith	
Elling N. Tjønneland	
Arne Tostensen	
Pundy Pillay	

*Participants, Debriefing Session, Pretoria 4 October*

Derrick Young	CEPD
David du Buisson	Department of Foreign Affairs
Gerhard Heydenreych	Department of Foreign Affairs
William Ramphela	Department of Provincial and Local Government
Alicia Stevens	Competition Commission
Robert Kriger	National Research Foundation
Sharmala Naidoo	National Treasury
Buti Simelane	South African Local Government Association
Zaheer Fakir	Department of Environmental Affairs and Tourism
Matthews Bantsijang	Department of Minerals and Energy
Boniface Aleobua	Department of Water Affairs and Forestry
Mark Beare	Department of Minerals and Energy
Katja Nordgaard	Norwegian Embassy
Steinar Hagen	Norwegian Embassy
Inger Naess	Norwegian Embassy
Pundy Pillay	
Elling N. Tjønneland	



## ***5: Terms of Reference***

# **REVIEW OF NORWEGIAN-SOUTH AFRICAN DEVELOPMENT COOPERATION 1996 - 2001**

### **1. The Background**

Norway and South Africa signed a MOU for development cooperation for the period 2000-2004 during President Mandela's official visit to Norway in 1999.

The overall objectives of the Norwegian-South African development cooperation are to:

- Support South Africa in the transformation process;
- Enhance regional cooperation in various sectors;
- Cooperate in areas where the collaborations could result in long term relationships between institutions of the two countries;

In the last annual consultations in June 2001 the two countries agreed to start a joint process of preparing for the post-2004 situation by conducting a joint review of the ongoing program of co-operation, and to look into the potential and interest for further cooperation.

Systematic and timely evaluation of its country programs is also an essential element for Norwegian ODA, as a means of accounting for the management of the allocated funds and of promoting lesson-learning & advancing the best practice culture throughout the organization. Of great importance also, particularly in South Africa which is not a conventional aid recipient country, is to move beyond a traditional development relationship to a more equal bilateral relationship, while remaining cognizant of the persisting inequalities created by apartheid.

The International Development Cooperation (IDC) Chief Directorate within the South African National Treasury, responsible for the macro-management of all ODA to the South African government, requests that all Country Strategies/Programs be regularly reviewed or evaluated. By so doing, donors can respond to the changing needs and priorities of the South African government. South Africa has moved from a phase of policy development to a phase of implementation and service delivery.

Hence the review has been initiated by both countries. As a consequence of the above any new strategy will, therefore, respond and be aligned to Norway's and South Africa's revised development priorities. It will equally provide for improved co-ordination, coherence and complementarity with initiatives of other donors and of the South African government itself.

## 2. Objectives and Scope of the Study

The objective of this Country Review is to **provide the Norwegian embassy and the National Treasury with a set of independent, flexible and forward-looking recommendations for future support, that will take account of South Africa's evolving political, economic, social and environmental framework**, and:

- ◆ draw out the key findings and lessons of experience from the current assistance strategy and its implementation programs to South Africa, as it has evolved within its wider objective setting since its inception;
- ◆ focus broadly on the existing strategy's relevance, effectiveness and impact, particularly in relation to the overall objectives of the development cooperation;
- ◆ identify those areas both within and outside of the present co-operation program where there appears to be the largest potential for longer term institutional relationships beyond an aid period, bearing in mind Norway's particular areas of expertise where relatively high value could be added to South Africa's development process;
- ◆ analyse the existing development assistance priorities of Norway, and South Africa's development priorities, with a view to the most strategic alignment of possible future Norwegian development assistance to South Africa's identified development priorities and goals and
- ◆ present the findings and lessons, along with a set of detailed recommendations, in a report designed primarily to provide the Norwegian Embassy and the National Treasury with a valuable basis for the preparation of a future Country Strategy in their discussions with South African partners.

## 3. Structure

Four distinct phases to the assignment can be identified viz.:

- 3.1 collection of data
- 3.2 data analysis
- 3.3 judgement of findings, leading to
- 3.4 a set of conclusions and recommendations.

### 3.2 The study will draw on:

- 3.2.1 all relevant documentation supplied by the Norwegian embassy and the National Treasury of South Africa, (i.a. The Development Cooperation Report, appraisal reports, midterm reviews, SA Estimates of National Expenditure, SA Medium Term Budget Policy Statement, cluster/sector priorities etc.)
- 3.2.2 documentation from other sources which the evaluators find relevant and useful and
- 3.2.3 interviews with the relevant officials and resource people both in Norway and South Africa.

### 3.3 The approach should:

- 3.3.1 identify, explain and hierarchise the objectives of the main existing programs in terms of their intervention context and logic, their **relevance** to needs, and the intended outcome / **impact** of each;
- 3.3.2 identify and extract all recorded impacts including unintended impacts or deadweight/ substitution effects;
- 3.3.3 assess how far the program took account of gender, environment, human rights, capacity building, HIV/AIDS and other **crosscutting issues**, on the one hand, and of co-ordination, complementarity and coherence aspects on the other;
- 3.3.4 broadly assess **effectiveness** in terms of how far the intended results were achieved (including performance against indicators defined);
- 3.3.5 consider the program's **sustainability** and replicability, that is an assessment of whether the results of the strategy can be maintained over time, and potential for long term Norwegian-South African relationships beyond an aid period. Consider the extent of **alignment** to South Africa's own development priorities, as articulated in the Medium Term Budget Policy Statement, the President's speech etc.
- 3.3.6 Explore possible Norwegian support for the role of South Africa in the region. In terms of regional aspects, possibilities for tripartite collaboration (ref. African Renaissance Fund) should also be taken into account, with relevance to both SADC and NEPAD. The possible role of Government, Civil Society and the Private Sector in any such interventions should be assessed.
- 3.3.7 Look at the role of civil society in a national context.

3.3.8 Based on the findings of the above, recommend possible new forms of cooperation, particularly in the areas of capacity building for service delivery, institution to institution partnering and local government partnering (e.g. twinning cities) with a view to initiating self-sustaining relationships beyond the period of conventional development assistance.

#### **3.4 The main sectors for the existing development cooperation are:**

3.4.1 Peace, Democracy, Security and Human Rights

3.4.2 Environment, including fisheries and cultural heritage.

3.4.3 Energy

3.4.4 Local Government

3.4.5 Education and Research

3.4.6 Culture

3.4.7 Private Sector Development

3.4.8 Housing

3.4.9 Civil Society/NGO collaboration

3.5 For all sectors a broad assessment must be made as to how far have actions or measures supported by Norway contributed to improved policymaking and service delivery by key institutions in the field. **The main focus of the review however should be to assess where the most strategic and beneficial potential for future collaboration lies, and what the most effective mechanisms for this collaboration could be** (viewed from both South Africa and Norway).

3.6 A considerable amount of funds has been channeled through Norwegian NGOs to partners in South Africa. The team should make an overall assessment of this cooperation and the potential for future collaboration.

#### **4. Outputs**

The review will be carried out by a joint Norwegian South African team. The report is estimated to be in the order of 40 pages.

4.1 A First Draft Report should be submitted to the Norwegian Embassy and the National Treasury by 10 October 2002.

4.2 On the basis of comments received on the first draft report above, prepare a Final Report which will be delivered to the Norwegian embassy and National Treasury by no later than 10 December 2002. This report will contain a set of recommendations for possible further support to South Africa.

#### **5. Expertise Required**

##### **European/Norwegian consultant**

S/he will:

- be familiar with Norwegian development priorities and strategies;
- have experience of working with international multilateral and bilateral donors in Africa (SADC region) and should preferably be familiar with South Africa's ODA policies and priorities;
- have extensive experience of monitoring and evaluation in the development arena at both program and project level;
- have experience of working with all sectors viz. Private, Civil Society and Government;

##### **Local Consultant**

S/he will:

- ◆ be familiar with South Africa's development priorities and strategies, particularly in terms of poverty and vulnerability;
- ◆ have experience of working with donors in South Africa and should be familiar with South Africa's ODA policies and priorities as well as donor strategies and programs;
- ◆ have extensive experience of monitoring and evaluation in the development arena at both program and project level;

- ◆ have experience of working with all sectors in SA viz. Private, Civil Society and Government.



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# Summary

This joint review of Norwegian – South African development co-operation was commissioned by the Norwegian Agency for Development Co-operation (NORAD)/the Norwegian Embassy Pretoria and the South African National Treasury.

The study provides an overview and an assessment of the Norwegian development assistance to South Africa since the first democratic elections in 1994. Nearly one billion Norwegian kroner were disbursed from Norway to South Africa during the first seven years. A relatively high proportion of this aid has been channelled through Norwegian NGOs to a variety of private South African organisations. 25 percent of the aid has gone directly from the Norwegian State to the South African State.

This report's overall assessments and conclusions have both positive and negative elements. In some areas the Norwegian contribution has been highly relevant and effective, especially in some of the efforts to assist in developing new policies and planning institutional reform, such as in the support to the energy and fisheries sectors. The record is much more uneven in the Norwegian support to implementation and capacity building. The achievements have been fewer in the Norwegian support for poverty reduction and job creation.

The study also welcomes the efforts to include a regional Southern African dimension in the co-operation programmes with South Africa, but finds that these regional components are small and suffer from an insufficient Norwegian strategy for assistance to regional co-operation.

The review also notes that co-operation has been entered into between South African and Norwegian institutions in most areas. The political co-operation between the two countries is also judged to be solid and strong. The commercial and private sector co-operation on the other hand, is limited.

Based on the lessons learnt and extensive interviews with stakeholders in both countries the review team recommends a continuation of the development co-operation programme. However, the study proposes significant changes in scope and focus and makes 18 sets of recommendations. A key proposal is the scaling up of support to regional development efforts in Southern Africa and a more systematic Norwegian support for regional co-operation.